"The Path to Efficiency: Making FEMA More Effective for Streamlined Disaster Operations."

An Analysis
by the Majority Staff of the
Senate Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia
Senate Homeland Security and Governmental Affairs Committee

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Executive Summary

FEMA, like all federal government agencies, faces the constant challenge to execute its missions as efficiently and effectively as possible. EMDC's goal is to identify where opportunities exist to find greater efficiencies in FEMA programs and systems.

FEMA's Key existing efficiency challenges
This analysis examines several performance issues, as well as identifies FEMA-led quality management efforts that have resulted in improved performance and/or efficiency.

Areas of Potential Costs Savings: We have reviewed past work from the Government Accountability Office (GAO) and Department of Homeland Security's Office of Inspector General (DHS-OIG). A number of these audits have identified specific costs that their research identified as "ineligible" or "questioned." Below are some areas that we believe, with greater focus, could yield cost savings and reductions in waste:

- **Need for Improvements in FEMA Disaster Recovery Grant Spending:** The DHS-OIG has documented the ongoing problems with the management of disaster recovery spending, including accounting, ineligible and unsupported costs, and noncompliance with Federal contracting requirements. For example, the DHS-OIG reported around $1.36 billion in such findings between fiscal years 2009 and 2013.[1] The DHS-OIG identified disaster grants management as a significant management challenge for FEMA, and annually publishes a summary of their recurring findings. For example, the DHS-OIG published 54 reports contained 261 recommendations resulting in potential monetary benefits of $307.8 million for obligations during fiscal year 2013.[2]

  According to FEMA, the agency has been addressing disaster recovery issues and the management of the Disaster Relief Fund (DRF), even prior to legislative changes under the Sandy Recovery Improvement Act of 2013. For example, by increasing the level of oversight of the status of mission assignments, contracts, and grants, FEMA was able to return over $4.7 billion (as of September 27, 2011) in excess funds to the DRF since the beginning of FY 2010, according to FEMA.[3]

[1] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014; OIG-13-90 *FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*OIG-13-90, Washington, D.C.; May 2013; *Capping Report: FY 2011FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April 13, 2012; *Capping Report: FY 2010 FEMA Public Assistance Grant and Subgrant Audits*, DD-11-17, Washington, D.C.; Aug. 23, 2011; and *Capping Report. FY 2009 Public Assistance Grant and Subgrant Audits*, DS-11-01, Washington, D.C.; Dec. 2, 2010.
[2] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-14-102-D, Washington, D.C.; June 10, 2014.
[3] Written Statement of Deputy Administrator Richard Serino, Federal Emergency Management Agency, before the U.S. Senate Committee on Homeland Security & Government Affairs' Ad Hoc Subcommittee on Disaster Recovery and Intergovernmental Affairs, Washington, D.C.; Oct. 20, 2011.

- **Improper Payments:** The DHS-OIG's audits have identified almost $276 million of ineligible disaster recovery spending for fiscal years 2009 through 2013.[4] For example, the DHS-OIG audits during this period identified almost $65 million in questioned costs that resulted from instances where subgrantees and FEMA did not correctly apply or allocate insurance proceeds.[5]

  FEMA has demonstrated improvements in their error rates for disaster recovery activities such as Individuals and Households Program, Public Assistance program, and Disaster Relief Fund Vendor Payments, and payouts through FEMA's Federal Insurance and Mitigation Administration.[6] For example, improper payments through FEMA's Disaster Relief Fund Vendor Payments have reduced from 8.82 percent (over $73 million) in fiscal year 2008, to 3.1 percent ($23.3 million) in fiscal year 2012 disbursements.[7]

- **Closing Out Old Disasters:** Over 800 disasters are currently open with ongoing recovery and mitigation projects according to FEMA.[8] Moreover, there are currently 40 open disasters that are over 10 years old and represent tens of millions in unliquidated obligations to disasters going as far back as 1994.[9] For example, twelve of these disasters had been declared during or prior to 1999, accounting for almost $60 million in yet unspent funds. [10] According to the DHS-OIG, funds obligated for disasters but not needed by FEMA grantees are not deobligated and released for other uses, and FEMA has "continued to incur additional administrative costs."[11] In addition, there is little compliance with existing laws that limit the time on recovery spending, according to the DHS-OIG.[12]

  FEMA currently has a close-out team that is housed at FEMA headquarters with staff assigned from each FEMA region.[13] According to FEMA officials, this team convenes

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[4] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-14-102-D, Washington, D.C.; June 10, 2014; OIG-13-90 *FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*OIG-13-90, Washington, D.C.; May 2013; *Capping Report: FY 2011FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April 13, 2012; *Capping Report: FY 2010 FEMA Public Assistance Grant and Subgrant Audits*, DD-11-17, Washington, D.C.; Aug. 23, 2011; and *Capping Report. FY 2009 Public Assistance Grant and Subgrant Audits*, DS-11-01, Washington, D.C.; Dec. 2, 2010.
[5] Ibid.
[6] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[7] Ibid.
[8] U.S. Department of Homeland Security, Office of the Inspector General, Annual Performance Plan for Fiscal year 2014. Washington, D.C.
[9] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs analysis of FEMA Disaster Declarations Summary - Open Government Dataset: http://www.fema.gov/media-library/assets/documents/28318?id=6292; FEMA data *Un-Liquidated Obligations- Financial Information Tool*, as of May 27, 2014.
[10] Ibid.
[11] U.S. Department of Homeland Security, Office of the Inspector General, Annual Performance Plan for Fiscal year 2014. Washington, D.C.
[12] U.S. Department of Homeland Security, Office of the Inspector General, *Opportunities to Improve FEMA's Disaster Closeout Process* OIG-10-49, Washington, D.C.; Jan. 2010
[13] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.

quarterly to monitor all open disasters and identifies on a weekly basis those contracts with no activity for over 90 days.[14] According to FEMA, there are 14 disasters of these 40 open disasters have $0 unliquidated obligations but are still going through final financial processing.[15] Six of these disasters are over 15 years old.[16]

- **'Obtain and Maintain' Insurance Requirements:** FEMA's information technology (IT) systems may limit the enforcement of statutory requirements to ensure that properties that received disaster relief now have insurance. For example, the DHS-OIG's review of FEMA's disaster recovery spending identified $115 million in ineligible costs in its audits of fiscal year 2013 and 2011.[17]

  FEMA has demonstrated improvements in their error rates for disaster recovery activities. For example, improper payouts through FEMA's Federal Insurance and Mitigation Administration have reduced from 6.38 percent (over $52 million) in fiscal year 2008, to less than 0.002 percent, or $337,445 in fiscal year 2012 disbursements.[18] In addition, FEMA has undertaken a 2-year review of insurance issues and key policy questions to inform a policy on insurance that better and more consistently meets the needs of applicants, program staff, and other stakeholders.[19] They estimate publishing a draft policy in the Federal Register in August 2014, for public review and comment, with a final version Public Assistance Policy on Insurance by end of December 2014.[20]

FEMA's Need for Increasing Transparency - In addition to the body of audits and research that have quantified possible financial savings or cost avoidance in FEMA's disaster recovery business operations and programs, there are also several recurring issues of FEMA performance and program efficiency that have non-financial implications, or potential financial implications in the future.

- **IT Management:** FEMA's Information technology (IT) systems play an integral role in helping FEMA fulfill its mission, but challenges exist. For example, the DHS-OIG released a 2011 report finding that the agency's IT systems did not effectively support disaster response activities. [21]

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[14] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[15] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs analysis of FEMA Disaster Declarations Summary - Open Government Dataset: http://www.fema.gov/media-library/assets/documents/28318?id=6292; FEMA data *Un-Liquidated Obligations- Financial Information Tool*, as of May 27, 2014.
[16] Ibid.
[17] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-14-102-D, Washington, D.C. June 10, 2014; and *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April, 13, 2012.
[18] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[19] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA officials re: Public Assistance Policy on Insurance, May 8, 2014.
[20] Ibid.
[21] Department of Homeland Security, Office of Inspector General, *The Federal Emergency Management Agency Faces Challenges in Modernizing Information* Technology, OIG-11-69, Washington, D.C.; Apr. 2011.

- **Increasing Administrative Costs:** FEMA's average administrative costs incurred under the Disaster Relief Fund have doubled, and administrative cost frequently exceeded FEMA's suggested targets.[22] GAO reported that FEMA's average administrative costs doubled from 9 to 18 percent during fiscal years 1989-2011, and these administrative cost percentages frequently exceeded FEMA's suggested targets.[23] For example, for small disaster declarations (total obligations of less than $50 million), the target range for administrative costs is 12 percent to 20 percent,[24] while four out of every ten of these type of disasters had administrative costs that exceeded 20 percent, according to GAO.[25]

- **Need for Increased Transparency in Tracking Disaster Spending:** In a November 2013 Subcommittee hearing held on Superstorm Sandy recovery, we found multiple opportunities for improved tracking and analyzing of disaster spending.[26] The development of a platform for the sharing of data between FEMA, SBA, and HUD could facilitate the development of funds to address unmet needs in a more swift and efficient manner.

- **Data Sharing:** In September 2013, FEMA released a secure data sharing policy which seeks to enhance the delivery of federal and non-federal assistance to disaster survivors.[27] While we recognize that sharing data across service delivery partners (State, Tribal, local, and certain other quasi-governmental entities) is a necessary mechanism in the critical objective of preventing fraud, waste, and abuse; we are concerned with privacy and civil liberty protections of disaster survivors. We are concerned that current policy and procedures do not provide disaster survivors with a complete understanding of the ways in which their personal data could be used and shared.

[22] U.S. GAO, Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own, GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[23] Ibid.
[24] Ibid.
[25] Ibid.
[26] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs hearing: *'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Nov. 6, 2013.
[27] According to FEMA Recovery Policy 9420.1, 'Trusted Partners' is defined as: Any governmental or non-governmental entity described and defined in Routine Uses (H), CT), or, in certain instances, (F) of the Disaster Recovery Assistance System of Records Notice. This policy breaks down Trusted Partners into the following groups: a) Other Federal Agencies, b) State and Tribal government, c) Local governments and Voluntary Organizations, d) Utility Companies, Hospitals, and Health Care Providers, e) Voluntary organizations able to provide durable medical equipment or assistive technology, f) Other entities able to provide durable medical equipment or assistive technology, and g) Private sector businesses that employ disaster survivors.

- **Disaster Declaration Criteria:** In September 2012, GAO found that FEMA primarily relies on a state's per capita dollar amount of damage as the single metric to determine whether to recommend to the President that a jurisdiction receive a major disaster declaration.[28] GAO noted that this per capita indicator does not reflect the rise in (1) per capita personal income or (2) inflation from 1986 to 1999.[29] However, just adjusting the single per capita income threshold that FEMA now uses does not consider variations from state to state of states' capability to respond and recover, according to GAO.[30] In addition, an adjustment per capita damage indicator would also not adequately take into account unique needs and higher transportation costs to perform response and recovery activities in rural and insular locations.[31]

- **Disaster Recovery Policies And Guidance: The "50 percent rule" Case Study:** The DHS-OIG's May 2013 report found that FEMA misapplied the '50 Percent Rule' to determine project eligibility for replacement of damaged facilities.[32] The 50 Percent Rule states that a facility is generally eligible for replacement when the estimated repair cost exceeds 50 percent of the estimated replacement cost.[33] The complexities of applying the 50 Percent Rule and a lack of adequate policies and procedures lead to incorrect decisions that cost FEMA millions of dollars.[34] FEMA has analyzed the DHS-OIG's audits and findings to identify a number of root causes for these cost estimates. According to FEMA officials, they estimate a completed draft policy in 2014 that will be available for leadership review.[35]

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[28] GAO: Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own, GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[29] Ibid.
[30] GAO: *Disaster Assistance: Improvement Needed in Disaster Declaration Criteria and Eligibility Assurance Procedures,* GAO-01-837; Washington, D.C.: Aug 31, 2001; and *Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own*, GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[31] Martin, Stephanie, Mary Killorin and Steve Colt, *Fuel Costs, Migration, and Community Viability*, Institute of Social and Economic Research, University of Alaska Anchorage, May 12, 2008; William D. Berry, Richard C. Fording and Russell L. Hanson, *An Annual Cost of Living Index for the American States, 1960-1995,* The Journal of Politics, Vol. 62, No. 2 pp. 550-567, May, 2000; also see http://cost-of-living.findthebest.com.
[32] According to Federal regulation 44 CFR 206.226(f)(1), 'A facility is considered repairable when disaster damages do not exceed 50 percent of the cost of replacing a facility . . . .' FEMA refers to this regulation as the '50 Percent Rule' and implements it according to its Disaster Assistance Policy 9524.4. This policy provides the decision-making tool to determine whether FEMA should fund the repair or replacement of a disaster-damaged facility.
[33] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-13-90, Washington, D.C.; May 2013.
[34] Ibid.
[35] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA officials, May 8, 2014; site visits and interviews per November 6th EMDC Subcommittee hearing: *'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Oct. 31, 2013.

Need to Improve FEMA's Workforce - Since customer focus is critical to FEMA's mission, the agency's workforce is its greatest asset in working with disaster survivors, all levels of government, and the private and nonprofit sectors. Yet challenges exists which can result in misspent and wasteful spending and a slower recovery. Employing and empowering staff that lack necessary qualifications and training can result in inconsistent application of FEMA's recovery policies. For example, FEMA's workforce has historically received mixed grades in managing response and recovery efforts, and these complaints were still heard in recent disasters like Superstorm Sandy and in Galena, AK.[36]

FEMA is implementing its FEMA Qualifications Systems (FQS) to credential all employees in incident management or support positions.[37] The goal of FQS is to put the right people in the right job, which also means ensuring that each employee meets certain skills, credentials, experience, and up to date on needed training.[38]

[36] Site visits and interviews per November 6th EMDC Subcommittee hearing: *'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Oct. 31, 2013.
[37] U.S. GAO, *Federal Emergency Management Agency: Workforce Planning and Training Could Be Enhanced by Incorporating Strategic Management Principles*, GAO-12-487. Washington, D.C.; Apr. 26, 2012.
[38] Department of Homeland Security, Federal Emergency Management Agency: *FEMA Strategic Plan: Fiscal Years 2011-2014,* FEMA P-806, Washington, D.C.; Feb. 2011.

Introduction / Scope of This Analysis

The federal government faces the constant challenge to execute its missions as efficiently and effectively as possible, under the assumption that, "whatever government does, it should do it well".[39] Congress and FEMA recognize that efficient government is vital, regardless of the fiscal climate. Further, as FEMA's previous strategic plan acknowledged, "an efficient public sector using management best practices should produce cost savings as well as ensure the delivery of high-quality services to the Nation's taxpayers."[40]

Cost effectiveness is important objective, but only as a means to an end: and that end is "mission success." Private sector businesses have a basic profit motivation to be efficient, whereby, if a business is inefficient it will risk going out of business. While government agencies do not go out of business, constrained and declining budgets motivate agencies to cut waste and try to deliver more with less.[41] Currently, federal government agencies have been operating under constantly shrinking pool of resources. Under such conditions, the way to get government projects prioritized is by demonstrating greater returns on investment.[42]

Congress has a critical oversight responsibility. In addition to our own oversight investigations, Congress relies on the work of the audits of the inspector generals and the GAO to identify when government agencies have failed to meet their objectives. This Subcommittee has a history of closely examining FEMA operations and activities. For example, in 2009 the Ad Hoc Subcommittee on Disaster Recovery under the leadership of Chairwoman Senator Mary Landrieu and Ranking Member Senator Lindsey Graham examined the deficiencies in federal disaster housing assistance, which included seven recommendations.[43] Current FEMA programs and practices reflect many of these recommendations, such as disaster case management and individual support program and a national post-disaster housing plan[44] which is reflected in the National Disaster Recovery Framework.[45]

The scope of this analysis will be to examine the efficiency and effectiveness of specific FEMA systems and programs. This analysis will consider FEMA's role under the existing legislation that currently defines FEMA's missions and programs (i.e.: the Robert T. Stafford Act, the Post-Katrina Emergency Management Reform Act of 2006). To perform this review, we focused on the period since the enactment and reorganization of roles and responsibilities under the Post-Katrina Emergency Management Reform Act of 2006.[46] We reviewed congressional oversight efforts such

[39] Indiana University, Center on Congress, http://congress.indiana.edu/one-thing-we-can-agree-about-government, Dec. 19, 2012.
[40] Department of Homeland Security, Federal Emergency Management Agency: *FEMA Strategic Plan: Fiscal Years 2011-2014*, FEMA P-806, Washington, D.C.; Feb. 2011.
[41] Gale, Sarah Fister, *'Capital Gains: Facing public scrutiny and shrinking budgets, federal governments tap the private sector to bolster their project management'* PM Network, Aug. 2012.
[42] Ibid.
[43] U.S. Senate, Ad Hoc Subcommittee on Disaster Recovery, Committee on Homeland Security and Governmental Affairs, *Far From Home: Deficiencies in Federal disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement*, 111th Congress, 1st Session, S. Prt. 111-7, Washington, D.C.; Feb. 2009.
[44] Ibid.
[45] Federal Emergency Management Agency, *National Disaster Recovery Framework: Strengthening Disaster Recovery for the Nation*, Washington, D.C.; Sept. 2011.
[46] P.L. 109-295.

as House and Senate hearings and appropriations reports, reports and audits by Government Accountability Office (GAO), the Department of Homeland Security's Office of Inspector General (DHS-OIG), the Congressional Research Service (CRS), the Recovery Act Board, and the Council of the Inspectors General on Integrity and Efficiency. In addition, we interviewed subject-matter experts in disaster management and FEMA programs.

Background

The Federal Emergency Management Agency (FEMA) was originally created by executive order in 1979, which merged many of the separate disaster-related federal functions.[47] Staffs of entire offices were lifted out of their parent agencies – the departments of Defense, Commerce, Housing and Urban Development, and others - and brought together in a new agency as an effort to give states a one-stop-shopping at the federal level in case of disaster.[48] FEMA's statutory authority to provide disaster assistance comes from the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, as amended.[49] Following the terrorist attacks of September 11, 2001, the Homeland Security Act of 2002 realigned FEMA and made it part of the newly-formed Department of Homeland Security (DHS).[50] In 2006, the President signed into law the Post-Katrina Emergency Management Reform Act, which significantly reorganized FEMA and provided it substantial new authority to remedy gaps that became apparent in the response to Hurricane Katrina in August 2005.[51] FEMA employs a workforce of over 18,000 people, who are responsible for leading and supporting the nation in preparing for, protecting against, responding to, recovering from, and mitigating all hazards.[52] [53]

Over the past six years FEMA's total enacted budget has fluctuated, in part, reflecting national catastrophic events that occurred (see Table 1). For example, between 2008 and 2009 FEMA decreased its total enacted budget by over $10 billion and disaster relief fund by $36 million but increased its salaries and expenses fund by $210 million.[54] In 2010, FEMA increased its enacted budget by $4.5 billion and the Disaster Relief Fund by $312 million, but decreased its Salaries and Expenses fund by $137 million.[55] Also, the Salaries and Expenses fund has decreased by $76 million and $62 million respectively, since FY2011.[56]

[47] Department of Homeland Security, Office of Inspector General, FEMA's Preparedness for the Next Catastrophic Disaster, OIG-08-34, Washington, D.C.; Mar. 28, 2008.
[48]Bosner, Leo, *FEMA and Disaster: A Look at What Worked and What Didn't From a FEMA Insider*, Truthout.org:http://www.truth-out.org/sites/default/files/FEMA-and-Disaster-by-Leo-Bosner.pdf
[49]The Stafford Act (P.L.100-707) amended the Disaster Relief Act of 1974 (P.L. 93-288).
[50] P.L. 107-296.
[51] P.L. 109-295. Also see: http://emilms.fema.gov/IS230c/FEM0101200.htm
[52] U.S. Government Accountability Office, *Federal Emergency Management Agency: Workforce Planning and Training Could Be Enhanced by Incorporating Strategic Management Principles*, GAO-12-487; Washington, D.C.; Apr 26, 2012.
[53] In addition to permanent FEMA employees FEMA also employs intermittent, on-call employees, now called Reservists. As of April 2014, there are over 6,100 Reservists, who comprise the largest portion of the disaster workforce. In addition, FEMA employs over 3,000 full-time positions for two to four-years, as part of their Cadre of On-Call Response/Recovery Employees (CORE).
[54]
[55] U.S. Department of Homeland Security budget submissions for FY2010 through FY2015. (See Table 1)
[56] Ibid.

Table 1: FEMA Fiscal Year Budgets: Total, Disaster Relief Fund, and Salaries and Expenses (Dollars in Thousands)

FEMA	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total budget	21,631,978	10,932,017	15,459,468	$10,446,603	$14,098,422	$25,435,175
Salaries and Expenses	$724,000	$934,791	$797,650	$1,068,585	$992,128	$929,886
Disaster Relief Fund	$1,324,000	1,288,000	1,600,000	2,523,343	7,076,000	6,653,117

Source: U.S. Department of Homeland Security budget submissions for FY2010 through FY2015

Current FEMA Administrator W. Craig Fugate understands that his agency's success depends on collaboration with many partners – state, local, territorial and tribal governments, the nonprofit and private sectors -- to ensure that all parties have a clear understanding of pre- and post-disaster roles and responsibilities.[57] Administrator Fugate noted in 2011, "The success and speed of recovery depends heavily on the 'Whole of Community' involvement, and FEMA is just one part of the team."[58] The body of academic research on disaster management further describes the underlying nature of this intergovernmental relationship as defined by the actions of a fragmented network of different stakeholder groups who provide disaster recovery assistance. For example, Gavin and Brikland note that "members of this network include public sector organizations (federal, state, tribal, and local governments); quasi-governmental and nongovernmental organizations (community development corporations, homeowners' associations, special service districts, regional planning organizations, professional associations, and colleges and universities); nonprofit relief organizations (nonprofits, community-based organizations, and foundations); private sector organizations (businesses and corporations, financial and lending institutions, insurance, and media); international relief organizations and nations; and emergent groups and individuals. These groups provide three types of resources: financial policy, and technical assistance."[59]

FEMA recognizes that efficient government is vital, regardless of the fiscal climate. As FEMA's 2011 to 2014 strategic plan stated, "An efficient public sector that uses performance management best practices will ensure the delivery of high-quality services to the Nation's taxpayers as efficiently as possible."[60] The goals and outcomes of high performance and efficient operations were also detailed throughout FEMA's 2014-2018 strategic plan.[61] Further, within FEMA's fiscal

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[57] Statement of FEMA Administrator, Craig Fugate, before the U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings, and Emergency Management, *Streamlining Emergency Management: Improving Preparedness, Response, and Cutting Costs*, Washington, D.C.; Oct. 13, 2011.
[58] Ibid.
[59] Smith, Gavin and Thomas Birkland, *Building a Theory of Recovery: Institutional Dimensions*, International Journal of Mass Emergencies and Disasters, Vol. 30, No. 2, Aug. 2012.
[60] Department of Homeland Security, Federal Emergency Management Agency: *FEMA Strategic Plan: Fiscal Years 2011-2014*, FEMA P-806, Washington, D.C.; Feb. 2011.
[61] Ibid.

year 2015 budget one priority listed is "Achieve Business and Management Excellence" which specifically states:

> *"If we are to deliver effectively on our mission, FEMA must field a motivated, quality workforce supported by robust and agile business functions that are capable in the face of our greatest challenges. We will build a human capital system that can recruit, hire, train, and retain a quality workforce that meets our mission needs-both now and in the future. We will leverage technology to drive us forward in our capabilities and employ information technology systems that support a mobile workforce, enabling critical analysis, electronic record-keeping, and information sharing. Through work place transformation we will enhance the ability of employees to move seamlessly beyond a traditional office environment and into a range of mobile work settings for additional flexibility to achieve the mission."*[62]

Also, as part of FEMA's budget priorities, the agency is focusing on leveraging technology to drive the agency components and missions forward in its capabilities, and employ information technology systems that support critical analysis capabilities, electronic record-keeping, and information sharing.[63]

FEMA Is Constantly Challenged To Execute Its Missions as Efficiently and Effectively as Possible

FEMA recognizes that efficient delivery of high-quality services to the Nation's taxpayers is both possible and mission critical. We have noted that FEMA has made progress on issues identified by the GAO and DHS-OIG. For example, of the 87 recommendations the GAO made to FEMA between 2008 through 2012, FEMA has implemented 59 percent, while 29 percent remained open.[64]

There exist, however, some long-standing challenges of FEMA's enterprise and its programs that the agency's leadership continues to confront, as the accountability community and congressional oversight continue to identify sources of inefficiency and/or financial weakness. The sections below address agency-wide, operational challenges that are related to disaster response and recovery programs and FEMA's mission support activities, that we believe are critical to enabling FEMA to realize both additional cost efficiencies as well as improvements to the agency's customer-focused relationship with the State, local, territorial, and tribal actors, and other members of the 'whole community.'

Areas of Potential Costs Savings

Below are some issues that we believe, with greater focus, FEMA could see cost savings and reductions in waste:

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[62] Department of Homeland Security, Federal Emergency Management Agency: *Fiscal Year 2015 One-Time Exhibits Congressional Justification*. Washington, D.C.; Mar. 2014.

[63] Department of Homeland Security, *Federal Emergency Management Agency, Fiscal Year 2015 One-Time Exhibits*, *Congressional Justification*, Washington, D.C., Mar. 2014.

[64] Our analysis of GAO's Status of Open Recommendations found 11 recommendations that were listed as 'closed / not implemented'.

Need For Improvements in FEMA Disaster Recovery Grant Spending

In December 2013, the DHS OIG identified disaster grants management as a significant management challenge for FEMA.[65] The DHS-OIG has reported around $1.36 billion in such findings between fiscal years 2009 through 2013.[66] Specifically, for the past five years the DHS OIG publishes a report summarizing their recurring findings from their audits of FEMA disaster recovery and mitigation grants (Summarized in table 2 below).[67] For example, in June 2014, the DHS-OIG published 54 reports contained 261 recommendations resulting in potential monetary benefits of $307.8 million for obligations during fiscal year 2013.[68] Similarly, in May 2013, the DHS-OIG published 54 reports contained 187 recommendations resulting in potential monetary benefits of $415.6 million for obligations during fiscal year 2012. [69]

In these reports DHS-OIG concluded each year that better management by FEMA could decrease ineligible costs by improving subgrantees' compliance with Federal regulations and FEMA guidelines. In addition, the amount of unneeded funding could decrease sharply if FEMA and grantees more closely managed grant funding and de-obligated unneeded funds faster.[70]

[65] U.S. Department of Homeland Security, Office of the Inspector General, *Major Management and Performance Challenges Facing the Department of Homeland Security*, OIG-14-17, Dec. 2013.

[66] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014; OIG-13-90 *FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*OIG-13-90, Washington, D.C.; May 2013; *Capping Report: FY 2011FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April 13, 2012; *Capping Report: FY 2010 FEMA Public Assistance Grant and Subgrant Audits,* DD-11-17, Washington, D.C.; Aug. 23, 2011; and *Capping Report. FY 2009 Public Assistance Grant and Subgrant Audits,* DS-11-01, Washington, D.C.; Dec. 2, 2010.

[67] Ibid.

[68] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014.

[69] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-13-90, Washington, D.C.; May 2013.

[70] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-13-90, Washington, D.C.; May 2013.

Table 2: DHS-OIG Findings: Audits of FEMA Public Assistance and Hazard Mitigation Grant and Subgrant, fiscal years 2013 through 2009.

Fiscal Year	DHS-OIG Findings (dollars)
2013	$307,821,907
2012	$415,592,179
2011	$336,890,664
2010	$165,248,221
2009	$138,436,081
Total	**$1,363,989,052**

Source: EMDC Analysis of DHS-OIG reports[71]

FEMA's Progress

According to the DHS-OIG's 2014 report, FEMA acknowledged that the DHS-OIG's capping reports are particularly valuable and has implemented corrective measures to address issues identified in these past audits.[72] As a result, FEMA has developed and is implementing a new Procurement Disaster Assistance Team.[73] This Team will provide assistance to disaster recovery applicants before they award contracts to reduce procurement violations and help ensure applicants spend Federal funds efficiently, effectively, and in compliance with applicable Federal procurement standards.[74] This Team will also provide just-in-time and steady-state training; develop guidance on Federal procurement requirements; review applicant procurement policies and procedures; and review proposed applicant procurement actions to advise FEMA Public Assistance officials as to whether those actions comply with Federal procurement requirements.[75] Further, the FEMA Recovery Directorate plans to establish a section dedicated to overseeing, coordinating, implementing, responding to, and learning from DHS-OIG and GAO audits.[76] FEMA anticipates standing up the new section before the end of FY 2014.[77]

FEMA's current Chief Financial Officer (CFO) has been in the position since 2012. On April 2014, we discussed this component's cost efficiency efforts.[78] In this briefing the CFO noted progress through their implementation of the CFO's Strategic Funds Management review process.[79]

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[71] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014; OIG-13-90 *FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*OIG-13-90, Washington, D.C.; May 2013; *Capping Report: FY 2011FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April 13, 2012; *Capping Report: FY 2010 FEMA Public Assistance Grant and Subgrant Audits*, DD-11-17, Washington, D.C.; Aug. 23, 2011; and *Capping Report. FY 2009 Public Assistance Grant and Subgrant Audits*, DS-11-01, Washington, D.C.; Dec. 2, 2010.

[72] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014

[73] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Response and Recovery officials, May 8, 2014.

[74] Ibid.

[75] Ibid.

[76] Ibid.

[77] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014.

[78] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.

[79] Ibid.

According to the FEMA CFO, the Strategic Funds Management review is FEMA's process for obligating Public Assistance project funding based on a subgrantee's schedule to execute the eligible work.[80] This process is designed to apply additional project management steps and link them to a spend plan so that obligates funds for eligible subgrantee projects to meet the project schedule.[81] Historically, FEMA has obligated full Public Assistance or Hazard Mitigation project funding as soon as a Project Worksheet is prepared, reviewed, and approved; even when the subgrantee does not expect to expend the funds for an extended period of time.[82] Strategic Funds Management is designed to allow FEMA to rapidly review projects to identify disaster related damage and prepare an eligible scope of work, and then approve Project Worksheets and obligate funding consistent with the Disaster Relief Fund appropriation process and in coordination with the subgrantee's readiness to carry out the project in accordance with the project schedule.[83]

Recommendation

We believe that improved training of both FEMA's workforce and disaster grantees and subgrantees –as well as those private sector contractors who locals hire to support their recovery efforts - are critical to reducing these costs in future disasters. FEMA also needs to improve its outreach tools to states which play a critical role in disaster grant management.

Improper Payments

The Improper Payments Information Act of 2002[84] and its successor the Improper Payments Elimination and Recovery Act of 2010,[85] along with the Office of Management and Budget's (OMB) implementing guidance,[86] require Federal agencies to annually review all programs and activities to identify those that are 'high risk' or susceptible to 'significant improper payments.' For each program identified as susceptible, Federal agencies are required to report the annual amount of estimated improper payments, along with steps taken and actions planned to reduce them, to the President and the Congress.[87]

FEMA procedures define "improper payments" as: "Any payment that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative or other legally applicable requirements. An improper payment includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received, and any payment that does not account for credit for applicable discounts."[88]

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[80] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[81] Ibid.
[82] Federal Emergency Management Agency, *Strategic Funds Management – Implementation Procedures for the Public Assistance Program,* SOP 9570.24, Washington, D.C.; Dec. 21, 2012.
[83] Ibid.
[84] Pub. L. No. 107–300.
[85] Pub. L. No. 111-204, 124 Stat. 2224 (July 22, 2010).
[86] OMB Memoranda M-03-132, and OMB Circular A-136.
[87] The Improper Payments Elimination and Recovery Act of 2010 (IPERA)(P.L. 111.202), amended the IPIA to require agencies to increase their diligence in reducing improper payments. IPERA defines high risk programs as having estimated error amounts above $10 million with an error rate above 2.5% or having an estimated error amount above $100 million (at any error rate).
[88] Ibid.

Given FEMA's definition above, the DHS-OIG's audits have identified over $275 million of ineligible costs from FEMA disaster recovery spending for fiscal years 2009 through 2013.[89] For example, the DHS-OIG found almost $65 million of questioned costs during this period, which resulted from costs covered by insurance where subgrantees and FEMA did not correctly apply or allocate insurance proceeds.[90] Although the subgrantee is responsible for reporting insurance proceeds, FEMA is responsible for completing an insurance review to determine insured losses, according to the DHS-OIG report.[91]

In addition, GAO has an ongoing review to determine the extent that FEMA has the controls to limit duplicate payments under their Individual Assistance program.[92] Additional research by GAO will enable us to determine FEMA's ability and limitations to enforce these provisions. In addition, DHS-OIG officials told us that FEMA has been selected every year and will be again next year based on the level of risk.[93] The DHS-OIG's methodology does not independently sample transactions; rather they compare FEMA's processes–and all DHS components' improper payment processes—against federal laws, regulations and the DHS Guidebook.[94] The DHS-OIG reported seeing a trend across the department of improvement in this area.[95]

In April 2014, the DHS-OIG released their latest review of DHS and its components' compliance with the Improper Payments Information Act.[96] The report noted that, DHS-wide, the Department has reduced its improper payment amount from $222 million in FY 2011 to $178 million in FY 2013, since the implementation of the Act.[97] The report also noted that DHS components over the past year have closed many of the open recommendations from prior reports.[98]

We have reviewed improper payment issues over a number of years. In October 2011, this Subcommittee examined the issue as part of its efforts to examine front-end quality controls and

[89] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014; OIG-13-90 *FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*OIG-13-90, Washington, D.C.; May 2013; *Capping Report: FY 2011FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April 13, 2012; *Capping Report: FY 2010 FEMA Public Assistance Grant and Subgrant Audits,* DD-11-17, Washington, D.C.; Aug. 23, 2011; and *Capping Report. FY 2009 Public Assistance Grant and Subgrant Audits,* DS-11-01, Washington, D.C.; Dec. 2, 2010.
[90] Ibid.
[91] Ibid.
[92] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from U.S. GAO officials, Apr. 24, 2014.
[93] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from DHS-OIG officials, Mar. 14, 2014.
[94] Ibid.
[95] Ibid.
[96] Department of Homeland Security, Office of Inspector General, *Department of Homeland Security's FY 2013 Compliance with the Improper Payments Elimination and Recovery Act of 2010,* OIG-14-64, Washington, D.C.; Apr. 14, 2014.
[97] Department of Homeland Security, Office of Inspector General, *Department of Homeland Security's FY 2013 Compliance with the Improper Payments Elimination and Recovery Act of 2010,* OIG-14-64, Washington, D.C.; Apr. 14, 2014.
[98] Department of Homeland Security, Office of Inspector General, *Compliance with the Improper Payments Elimination and Recovery Act of 2010,* OIG-12-48, issued Mar. 2012; and *Department of Homeland Security's FY2012 Compliance with the Improper Payments Elimination and Recovery Act of 2010,* OIG-13-47, Washington, D.C.; March 2013.

business practices at FEMA that mitigate waste, reduce errors, fraud, and abuse, and ensure greater efficiency in the agency's disaster response and recovery activities.[99] At the hearing, FEMA stated that these efforts resulted in a reduction in the improper payment rate from 14 percent in the aftermath of Hurricane Katrina to 0.3 percent in fiscal year 2010.[100]

FEMA's Progress

We discussed improper payments with FEMA's Chief Financial Officer (CFO) in April 2014.[101] The CFO's office provided us with results of improper payment error rate testing for FEMA spending between 2008 and 2012, across 9 programs selected for testing by DHS. All FEMA programs that the agency is required to test demonstrated lower percentages of improper payment error rates, according to the FEMA CFO.[102] Of particular interest to us are the error rates associated with disaster recovery activities, such as Individuals and Households Program, Public Assistance program, and Disaster Relief Fund vendor payments, which have all seen reduced error rates during this time period.[103] Notably, the Individuals and Household Program had an error rate of 6.28% (about $56 million) when tested for spending on Hurricanes Gustav and Ike; but due to its low error rate of 0.3 percent since 2010, the programs received a waiver from testing for fiscal year 2012.[104] Another notable area of reduction is under the Federal Insurance and Mitigation Administration, which had an improper payment rate of 6.3 percent ($52 million) in fiscal year 2008, but has reduced that rate to 0.02 percent by fiscal year 2012.[105]

Further, CRS noted that Congress was concerned about improper payments in the aftermath of Superstorm Sandy. As part of the fiscal year 2013 supplemental funding for Superstorm Sandy (P.L. 113-2), and Senate-passed H.R. 1 included a provision that designated all programs and activities funded through the legislation as 'susceptible to significant improper payments' under the provisions of the Improper Payments Information Act of 2002 (IPIA). This designation requires federal agencies to estimate the annual amount of improper payments made under the program and submit the estimates to Congress annually.[106]

Additionally, for programs that have estimated improper payments that exceed $10 million, the federal agency is required to develop a report that identifies the causes and corrective actions the agency will take to reduce the improper payments.[107] According to the FEMA CFO, fiscal year

[99] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, *'Accountability at FEMA: Is Quality Job #1?'* Washington, D.C., October 20, 2011.
[100] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs Holds Hearing on Oversight of the Federal Emergency Management Agency, Washington, D.C.; Oct. 20, 2011.
[101] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[102] Ibid.
[103] Ibid.
[104] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[105] Ibid.
[106] Congressional Research Service, *FY2013 Supplemental Funding for Disaster Reli*ef, R42869; Washington, D.C.; Feb. 19, 2013.
[107] Ibid.

2013 spending under the Individuals and Household Program will be again reviewed because of Superstorm Sandy recovery spending.[108] We will be interested in those results.

Recommendation
FEMA needs to ensure its disaster workforce is properly trained as well prioritizing this issue within its policies. Further, FEMA should include in its measures of improper payment error rates to those categories of ineligible expenses identified by DHS-OIG audits.

Closing Out Old Disasters
Ongoing disaster recovery and mitigation operations are commonly referred to by FEMA as "open" disasters. Currently, there are 40 open disasters that are over 10 years old, which include tens of millions in unliquidated obligations to disasters going as far back as 1994, according to FEMA's data.[109] Twelve of these disasters had been declared during or prior to 1999, accounting for almost $60 million in yet unspent funds.[110] The oldest open disaster–the Northridge Earthquake which occurred twenty years ago–still represents almost $60 million in unliquidated obligations.[111] According to FEMA's data, there are 14 disasters of these 40 open disasters have $0 unliquidated obligations but are still going through final financial processing.[112] FEMA provided us with the reasons why these are still not closed out: for 5 of these disasters, FEMA is still recovering improperly spent funds (or 'billed for collections') from the applicants or sub-applicants; for 7 of these open disasters, final paperwork is pending; and one open disaster has 'small projects' still open.[113]

In January 2010, the DHS-OIG reported that FEMA lacked an agency-wide internal control environment with effective leadership and priority for timely closeout.[114] According to the DHS-OIG, funds obligated for disasters but not needed by FEMA grantees are not de-obligated and released for other uses. In addition, unnecessary administrative costs associated with monitoring and oversight of open disasters adds to the disaster price tag. This report noted that there is little

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108 Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
109 Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs analysis of FEMA Disaster Declarations Summary - Open Government Dataset: http://www.fema.gov/media-library/assets/documents/28318?id=6292; FEMA data *Un-Liquidated Obligations- Financial Information Tool*, as of May 27, 2014. Note: The 9/11 attack in New York, New York is also a disaster that is over 10 years old and represents $805 million of the total of unliquidated obligations, but due to the unique nature of many of the recovery and mitigation projects, we have excluded it from our analysis.
110 Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs analysis of FEMA Disaster Declarations Summary - Open Government Dataset: http://www.fema.gov/media-library/assets/documents/28318?id=6292; FEMA data *Un-Liquidated Obligations- Financial Information Tool*, as ofMay 27, 2014.
111 Ibid.
112 Ibid.
113 FEMA's policy defines small projects as '…eligible work, either emergency or permanent, costing from $1,000 to $68,500 ($68,500 is the threshold for small projects for Federal fiscal year 2014, and adjusted annually). As a result of the Sandy Recovery Improvement Act of 2013 (P.L.113-2) the threshold has been raised for Simplified Procedures, raising the threshold to $120,000, and adjusting annually for CPI. For more info see http://www.fema.gov/public-assistance-frequently-asked-questions#Q21
114 U.S. Department of Homeland Security, Office of the Inspector General, *Opportunities to Improve FEMA's Disaster Closeout Process* OIG-10-49, Washington, D.C.; Jan. 2010.

compliance with existing laws that aim to limit the length of time a disaster can remain open.[115] The DHS-OIG's analysis of open disasters found at that time 744 declared disasters with open FEMA/State Agreements and unliquidated obligation balances at the time of publication.[116] Further, this report identified almost $500 million in unliquidated obligations for disasters that had been declared prior to 1999.[117]

The Congressional Research Service (CRS) has also reviewed the disaster closeout process within FEMA, noting that terminations of Stafford Act recovery projects are not subject to strict deadlines.[118] The requirements to 'close out' a major disaster are established in 44 C.F.R. 13.50. Disasters and emergencies are considered "closed" when all of the applicant's projects are completed and the applicant's administrative allowance expenses have been reconciled to supporting documentation.[119] CRS noted, in general, "Public Assistance (PA) grant projects and Hazard Mitigation grant projects (HMGP) take the longest to complete. Typically, major infrastructure projects take years to complete."[120] Both the PA and HMPG have a common closeout sequence such that, individual projects are managed by applicants (normally the state) and each project is separately closed by FEMA and the state when all of the costs associated with the project have been reconciled with supporting documentation.[121]

Subject-matter experts that we interviewed for this analysis noted that the current disaster recovery process does not incentivize states, subgrantees or their contractors to quickly complete their participation in recovery efforts; in fact, the opposite occurs. Firms supporting state and local recovery efforts are incentivized to drag out the length of recovery projects in order to maximize their revenues.[122]

The DHS-OIG's January 2010 report also noted that FEMA lacked an agency-wide internal control environment with effective leadership and priority for timely closeout.[123] FEMA's weak controls over disaster closeouts allow disasters to stay open for a considerable length of time after the disaster recovery effort has been completed, according to the DHS-OIG.[124] Specifically, the DHS-OIG cited FEMA's lack of a centralized process for closing out disasters, as the control for closing out disaster resided mostly within each of the 10 regional offices rather than in headquarters.[125] According to the DHS-OIG, FEMA could improve their processes in order to better determine what projects could de-obligated and made available for use in other disaster relief activities.[126] The

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115 Ibid.
116 Ibid. DHS-OIG analysis of FEMA data as of September 30, 2008.
117 Ibid.
118 Congressional Research Service, *Federal Emergency Management: A Brief Introduction*, R42845 Washington, D.C.; November 30, 2012.
119 Ibid.
120 Ibid.
121 Ibid.
122 Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from disaster management subject-matter experts, Jan 13, 2014; Feb. 21, 2014.
123 U.S. Department of Homeland Security, Office of the Inspector General, *Opportunities to Improve FEMA's Disaster Closeout Process* OIG-10-49, Washington, D.C.; Jan. 2010.
124 Ibid.
125 Ibid.
126 Ibid.

DHS-OIG recommended a leadership team that would prioritize closeouts, and other recommendations for implementing consistent procedures across all disaster closeouts. [127] For 2014, the DHS-OIG has planned work to review the 804 disasters that are currently open, to determine how many projects are open and can be closed based on FEMA policy.[128] Specifically, they will identify the unliquidated obligation balances of open projects, to determine their program eligibility and the extent these can be closed out in a timely manner so that unliquidated obligations are returned to the disaster relief fund.[129]

FEMA Progress

This Subcommittee previously examined the issue of close outs as part of an October 2011 hearing.[130] At this hearing FEMA's Deputy Administrator testified that the Agency had been addressing these issues since 2009, in order to improve how FEMA manages the Disaster Relief Fund (DRF).[131] Agency efforts included steps to change how DRF resources were expended and improved closeout process for older disasters so updated funds could be brought back to the DRF. As a result, FEMA was able to recover more than $4.7 billion in unobligated funds, according to the Deputy Administrator's testimony.[132] Similarly, the FEMA Administrator testified before the House of Representatives that FEMA has put additional mechanisms in place to reduce costs and identify funds that could be de-obligated and returned to the DRF.[133] The agency focused on improving the accuracy of their estimates of resource needs for catastrophic disasters by regularly reviewing spending reports, according to the FEMA Administrator.[134] Each catastrophic disaster team is required to prepare monthly spend plans that project resource needs for the current and succeeding year.[135] These teams also work with state partners to identify priorities and plan for resource needs. Actual expenses are then compared to projections to identify variances and the reasons for those variances.[136]

In May 2014, we met with FEMA officials to determine what processes the agency uses to close out open disasters.[137] FEMA currently has a close-out team that is housed in FEMA headquarters and designated staff from each FEMA region.[138] According to FEMA officials, this team convenes quarterly to monitor all open disasters and identifies on a weekly basis those contracts with no

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[127] Ibid.
[128] U.S. Department of Homeland Security, Office of the Inspector General, Annual Performance Plan for Fiscal year 2014. Washington, D.C.
[129] Ibid
[130] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, 'Accountability at FEMA: Is Quality Job #1?' Washington, D.C., Oct. 20, 2011.
[131] Written Statement of Deputy Administrator Richard Serino, Federal Emergency Management Agency, before the U.S. Senate Committee on Homeland Security & Government Affairs' Ad Hoc Subcommittee on Disaster Recovery and Intergovernmental Affairs, Washington, D.C.; Oct. 20, 2011.
[132] Ibid.
[133] Statement of FEMA Administrator, Craig Fugate, before the U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings, and Emergency Management, *Streamlining Emergency Management: Improving Preparedness, Response, and Cutting Costs*, Washington, D.C.; Oct. 13, 2011.
[134] Ibid.
[135] Ibid.
[136] Ibid.
[137] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Response and Recovery officials, May 8, 2014.
[138] Ibid.

activity for over 90 days.[139] According to FEMA officials, this headquarters close out team has closed out 471 open disasters, and returned $500 million back to the Disaster Relief Fund in unspent disaster mission assignments.[140]

Recommendation

We recommend that FEMA identify incentives to close out old disasters in order to minimize the administrative costs of keeping these open. Such incentivizes should include enforcing compliance with existing laws that aims to limit the length of time a disaster can remain open.

We are encouraged that the DHS-OIG has planned work to review the currently open disasters to determine how many projects are open and can be closed based on FEMA policy. To support this Subcommittee's oversight efforts, we would benefit that this audit includes detailed information on the unliquidated obligation balances of open projects and other detailed information to augment our understanding of the extent that certain disasters—or specific projects or activities within this inventory of open disasters—can be closed out in a timely manner so that unliquidated obligations are returned to the disaster relief fund.

'Obtain and Maintain' Requirements under the Stafford Act

Our research and discussions with subject-matter experts has identified follow-up questions as to the extent FEMA is able to use its disaster recovery data to monitor the existence of any requirement to *'obtain and maintain'* insurance as a result of receiving previous federal disaster assistance, as per Section 311(b) of the Stafford Act.[141] In December 2011, the DHS-OIG reviewed the strengths and weaknesses of FEMA's processes for tracking public assistance insurance requirements.[142] This applies to both the Public Assistance (PA) program as well as individuals' benefits under the Individual Assistance (IA) program (as per the NFIP Reform Act of 1994).[143] The Stafford Act, as originally written, contains a requirement for insurance coverage that if enforced, is intended to go a long way in incentivizing individuals, and state and local government to protect themselves against hazards.[144] This insurance requirement is meant to act as a driver for the property owner to take measures that reduce their risk. If a property owner knows that they may be on the hook for damages that do not exceed their insurance deductible, mitigation activities to lessen the risk of damage may be more attractive.[145]

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[139] Ibid.

[140] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Response and Recovery officials, May 8, 2014.

[141] Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, Public Law 93-288, as amended, 42 U.S.C. 5121 et seq.; (42 U.S.C. 5154).

[142] Department of Homeland Security, Office of Inspector General, *FEMA's Process for Tracking Public Assistance Insurance Requirements*, OIG-12-18, Washington, D.C.; Dec. 16, 2011

[143] Ibid.

[144] See: Department of Homeland Security, Office of Inspector General, *FEMA's Process for Tracking Public Assistance Insurance Requirements*, OIG-12-18, Washington, D.C.; Dec. 16, 2011. This report notes that that implementing regulations concerning this Stafford Act provision are in the Code of Federal Regulations (C.F.R.) Title 44, Part 206.

[145] Ibid.

When reviewing a project proposal, FEMA is required to conduct an insurance review in order to identify whether the applicant has received funding for the damaged facility in the past. In order to conduct a thorough review, one must search three databases, each with their own limitations.[146]

The implementation of *'obtain and maintain'* provision has also been reviewed by the DHS-OIG in December 2011.[147] Their 2011 report noted issues related to insurance requirements have existed as far back as 2001.[148] According to the DHS-OIG, FEMA officials have acknowledged the possibility of duplicative payments but without the tools to accurately identify these instances, it can be hard to quantify the impact of these shortfalls.[149] However, the DHS-OIG was able to identify about $83.7 million in ineligible costs in its audits of fiscal year 2013 disaster spending and $31.5 million in its audits of 2011 spending.[150]

We are concerned that FEMA's legacy of IT systems have not incorporated and maintained data over the duration of the 'obtain and maintain' insurance requirement to ensure that these properties are being identified, especially if such properties have changed hands. As of 2011, FEMA still lacked the ability to simultaneously compare fields across the various systems and due to varying search field classifications.[151] According to the DHS-OIG's report, FEMA cannot reliably search based on a specific facilities name or address.[152] This is critical for identifying potential duplication of benefits for a specific location. Incorrect GPS coordinates, gaps in address details, and incorrect coding of insurance information all contribute to incomplete and ineffective databases, as the report noted.[153] If these systems do not support disaster recovery and are not integrated long after these challenges were first identified, FEMA must be held accountable for this lapse in compliance with statute and regulation.[154]

Additionally, the DHS-OIG's 2011 report pointed out two other continuing performance challenges:

- *Compliance with Insurance Requirements Has the Potential to Hold Up Disaster Close Outs:* FEMA regulations implementing the Stafford Act set an 18 month timeline for the close out of large projects.[155] The DHS-OIG's assessment of the compliance with insurance requirements revealed that many projects staying open, on average, 60 months.[156] This delay could result in

[146] Ibid.
[147] Ibid.
[148] Ibid.
[149] Ibid.
[150] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-14-102-D, Washington, D.C. June 10, 2014; and *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April, 13, 2012.
[151] OIG-12-18, Washington, D.C.; Dec. 16, 2011.
[152] Ibid.
[153] Ibid.
[154] Ibid.
[155] 44 CFR § 206.204 Project performance Accessed: 7/2/14 via: http://www.law.cornell.edu/cfr/text/44/206.204. Time limits for project completion begin on the disaster declaration date: Emergency work must be completed within – 6 months; Permanent work must be completed within – 18 months. For extenuating circumstances or project requirements beyond the applicant's control, the Grantee may extend the emergency work deadline an additional 6 months and the permanent work deadline an additional 30 months on a project by project basis. FEMA may also extend the time limits when sufficient justification is submitted.
[156] Ibid.

increased administrative costs for FEMA as well as additional costs to the grantee and subgrantees.[157]

- *FEMA's Public Assistance Program May Affect Incentives to Carry Insurance:* The DHS-OIG's report stated that disincentives to carry insurance may also exist; for example, the Public Assistance program pays the full cost of repairs to an applicant's building the first time it is damaged which tends to make buying insurance less of a priority.[158] FEMA has recognized this challenge as far back as 2000.[159] However, FEMA had not issued a final rule addressing the identified deficiencies at the time of this audit.[160] According to the DHS-OIG, FEMA had explained that action on these issues had not occurred because regulatory review and rulemaking involving other programs had taken precedence.[161]

GAO has an ongoing review of FEMA's Individuals and Households Assistance program in the aftermath of Superstorm Sandy. Specifically, GAO's current review will examine the extent that FEMA's internal controls are designed to limit fraud, waste and duplicate payments, which would include FEMA's ability to identify those individuals and properties that have received prior federal disaster assistance and would be required to obtain and maintain insurance at the time Superstorm Sandy.[162]

FEMA's Progress

We discussed this with FEMA officials, who noted that their Recovery Directorate is facilitating the development of a Public Assistance policy on insurance to guide decision-making, set expectations, and more effectively implement the statutes and regulations that require applicants to obtain and maintain insurance as a condition of grant assistance.[163] During this briefing, FEMA indicated that they have undertaken a 2-year review of insurance issues and key policy questions to inform a policy on insurance that better and more consistently meets the needs of applicants, program staff, and other stakeholders.[164] FEMA's *Team (in)Sure!* project team has analyzed and addressed three key decision points in recommendations:

- Determining the type and extent of insurance an applicant is required to obtain and maintain;
- The extent that applicants comply with their insurance requirements;
- Reductions to assistance based on the applicant's insurance coverage or requirements.[165]

[157] Ibid.; also see, *Opportunities to Improve FEMA's Disaster Closeout Process* (OIG-10-49), January 2010.
[158] Department of Homeland Security, Office of Inspector General, *FEMA's Process for Tracking Public Assistance Insurance Requirements*, OIG-12-18, Washington, D.C.; Dec. 16, 2011.
[159] See Federal Register (65 FR 58720) on October 2, 2000.
[160] Department of Homeland Security, Office of Inspector General, *FEMA's Process for Tracking Public Assistance Insurance Requirements*, OIG-12-18, Washington, D.C.; Dec. 16, 2011.
[161] Ibid.
[162] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from U.S. GAO officials, Feb. 12, 2014.
[163] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA officials re: Public Assistance Policy on Insurance, May 8, 2014.
[164] Ibid.
[165] Ibid.

According to FEMA officials, they estimate publishing a draft policy in the Federal Register in August 2014, for public review and comment, with a final version Public Assistance Policy on Insurance by end of December 2014.[166]

During our discussion with FEMA officials, they noted that FEMA is developing an information technology tool that will be able to automatically collect the needed supporting data from its existing systems.[167] Currently, there is no centralized automated tool to reliably perform this data collection task. Further, FEMA officials noted that State insurance commissions could be an important partner in FEMA's efforts to effectively implement *'obtain and maintain'* insurance requirements.[168] FEMA officials noted, however, that many state insurance commission offices do not collect and maintain this type of data, nor is there a state-level database.[169] This data limitation raises questions as to what extent states build and maintained the capabilities needed to manage the shared responsibility of disaster recovery, as well as what ways can FEMA improve accountability and efficiency of federal disaster recovery spending.

Recommendation

We are concerned with the lack of progress made in addressing the issues first identified in 2001 and believes allowing compliance issues to continue contributes to ongoing inefficiencies. Further, we recognize that implementing this Stafford Act provision can be best accomplished through an effective partnership between FEMA and the States, which may identify additional implementation issues that this Subcommittee may need to consider. We recognize FEMA's efforts to improve its policy and tracking system, but believe these early efforts need to be significantly enhanced.

Are We Prepared To Recover?

While FEMA has demonstrated some improvements to its systems and program, our analysis of a larger body of audits and reports on disaster recovery lead us to the broader question: are we as a Nation prepared to recover?

Efficient and effective disaster recovery may be one of the more challenging and long-standing issues FEMA faces. The nation's 'recovery capabilities' have been identified as one of the key areas in need of improvement.[170] In addition, recurring DHS-OIG audit findings raise questions as to what extent states have built and maintained the capabilities needed to manage the shared responsibility of disaster recovery, as well as the ways FEMA can further ensure accountability and efficiency of federal disaster recovery spending.[171]

[166] Ibid.
[167] Ibid.
[168] Ibid.
[169] Ibid.
[170] U.S. Department of Homeland Security. Federal Emergency Management Agency, *National Preparedness Report*, Washington, D.C.; Mar. 30, 2012
[171] See: U.S. Department of Homeland Security, Office of the Inspector General, *Major Management and Performance Challenges Facing the Department of Homeland Security*, OIG-14-17, Dec. 2013; and *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-13-90, Washington, D.C.; May 2013.

Congress, as part of the FY2012 appropriations process also identified this issue.[172] For example, the House committee report stated that FEMA must improve the quality and timeliness of project worksheets for public assistance grants, as well as improve the process for sharing that information with regional offices, FEMA headquarters, and the Office of Management and Budget (OMB).[173] Doing so would improve FEMA's management of the DRF and its assistance programs.

The Appropriations committee report mandated FEMA work with the Homeland Security Studies and Analysis Institute to review the project worksheet process and flow of information, and provide a report to the Committees no later than May 1, 2012.[174] Specifically, Congressional Appropriators requested a review on how to improve the collection and sharing of grant information between the regions, FEMA headquarters, and OMB.[175] Additionally, the review was to include a delineation of the time that an application, or its appeal, currently spends at each office and stage of the process including the a) joint field office, b) FEMA regional office, c) FEMA headquarters, d) DHS, and e) OMB; this review also sought to identify ways to streamline the information and reduce the time needed to adjudicate applications.[176]

Again, for the past five federal fiscal years, the DHS-OIG has published reports summarizing the findings from their individual audits of disaster grantees and subgrantees.[177] The DHS-OIG has noted that Federal regulations require States, as grantees, (1) to ensure that subgrantees (such as cities, school districts, etc.) are aware of requirements that Federal regulations impose on them and (2) to manage and monitor the day-to-day operations of subgrantees' activity ensure compliance with applicable Federal requirements.[178] Recurring problems found grantees needed to:

- "[E]stablish policies for recognizing direct administrative costs that are unreasonable or unnecessary,
- submit FEMA quarterly reports with financial information in accordance with FEMA's Public Assistance Guide (FEMA 322),
- submit closeout documentation for projects as soon as practicable,
- develop and implement oversight procedures to improve its monitoring of subgrantees."[179]

These recurring audit findings raise questions as to what extent states have built and maintained the capabilities needed to manage the shared responsibility of disaster recovery, as well as what ways can FEMA further ensure accountability and the effectiveness of federal disaster recovery spending. These performance limitations in the disaster recovery process were also documented in the Hurricane Sandy task force report, which recommended, "Disaster recovery efforts should account for the temporary staffing needs of Federal agencies and State and local governments who conduct

[172] U.S. Senate, 112th Congress, 1st session. Military Construction And Veterans Affairs And Related Agencies Appropriations Act, 2012; Conference Report To Accompany H.R. 2055. Report 112–331, Washington, D.C.; Dec. 15, 2011.
[173] Ibid.
[174] Ibid.
[175] Ibid.
[176] Ibid.
[177] U.S. Department of Homeland Security, Office of the Inspector General, *Major Management and Performance Challenges Facing the Department of Homeland Security*, OIG-14-17, Dec. 2013
[178] Ibid.
[179] Ibid.

reviews and permitting of Federal disaster recovery projects."[180] Further, the Sandy Task Force report also recommended that the federal government "[W]ork with States and local jurisdictions to consider funding strategies and raise awareness about the need to fill Local Disaster Recovery Manager positions."[181]

A recent version of the National Preparedness Report found that disaster recovery-focused core capabilities are an area for improvement nation-wide.[182] The Recovery mission area core capabilities center on helping disaster-affected communities rebuild infrastructure, provide adequate long-term housing, preserve community services, restore health and social services, promote economic development, and restore natural and cultural resources.[183] Until recently, the Recovery mission area lacked the national structure and cohesive planning approaches employed across other mission areas, such as Protection and Response.[184] The National Preparedness Report found that three of the four lowest-assessed capabilities fall within the Recovery mission area—Economic Recovery, Natural and Cultural Resources, and Housing.[185] States indicated that they were less than halfway to achieving their desired capability levels in these three critical recovery functions.[186]

The National Preparedness Report recognized that the recent release of the National Disaster Recovery Framework (NDRF) is an important milestone in enhancing the national approach to long-term recovery.[187] The National Disaster Recovery Framework defines how federal agencies will more effectively organize and operate to promote effective recovery and support states, tribes, and other jurisdictions affected by a disaster.[188] Further, when FEMA reviewed state preparedness reports to develop the National Preparedness Report, they found that two of the lowest priority capabilities identified across state reports again fall within the Recovery mission area (Health and Social Services and Natural and Cultural Resources). This result is due to the fact that states are prioritizing other core capabilities over disaster recovery, according to this report.[189] FEMA's disaster recovery grant programs (Public Assistance, Individual Assistance and Hazard Mitigation) provide grants to states and, through them, to sub-applicants for individual restoration projects (buildings, vehicles, roads, etc.).[190] Other sections of this analysis have documented past work that has identified challenges such as the lack sufficient numbers of trained and experienced staff at all

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[180] U.S. Government: *Hurricane Sandy Rebuilding Strategy: Stronger Communities, A Resilient Region*, Recommendation #10, Washington, D.C.; Aug. 2013.
[181] U.S. Government: *Hurricane Sandy Rebuilding Strategy: Stronger Communities, A Resilient Region*, Recommendation #57, Washington, D.C.; Aug. 2013.
[182] U.S. Department of Homeland Security. Federal Emergency Management Agency, *National Preparedness Report*, Washington, D.C.; Mar. 30, 2012. Presidential Preparedness Directive 8 tasks DHS to prepare the National Preparedness Report (NPR), an annual report summarizing the progress made toward building, sustaining, and delivering the 31 core capabilities described in the National Preparedness Goal. The NPR also addresses several reporting requirements from the Post-Katrina Emergency Management Reform Act of 2006.
[183] U.S. Department of Homeland Security. Federal Emergency Management Agency, *National Preparedness Report*, Washington, D.C.; Mar. 30, 2012.
[184] Ibid.
[185] Ibid.
[186] Ibid.
[187] Ibid.
[188] Ibid.
[189] Ibid.
[190] U.S. Department of Homeland Security, Federal Emergency Management Agency, *Public Assistance Applicant Handbook*, FEMA P-323, Washington, D.C.; March 2010.

levels, and the lack of information and poor communication among FEMA, state, and local personnel hampered projects.

DHS-OIG's Life-Cycle Audits
The DHS-OIG also recognized this state/local recovery capability problem and is moving toward a 'Life-Cycle audit approach' to better identify the source of problems and more targeted solutions.[191] We support this effort between FEMA and the DHS-OIG to fix potential issues on the front-end of the disaster grant process. The DHS-OIG is working with FEMA and expanding their audit efforts on prevention and monitoring, including advising States, locals, tribes, etc., on proper contracting and financial management controls.[192]

According to the DHS-OIG, their office will perform 4 types of audits:

- Deployment audits to monitor FEMA's immediate disaster response efforts
- Capacity audits to assess financial management infrastructure such as internal controls and procurement processes grantees/subgrantees (i.e.: State, local, tribal, etc.).
- Early-warning audits for early-detection of non-compliance with FEMA and Federal policies.
- Close-out/completion audits, which are the DHS-OIG's current process of after-the-fact reviews of grantee and subgrantee spending.[193]

FEMA's Need for Greater Clarity and Transparency: Findings and Recommendations:

In addition to the body of audits and research that have quantified possible financial savings or cost avoidance in FEMA disaster recovery business operations and programs, there are also several recurring issues of FEMA performance and program efficiency that have non-financial implications, but may have financial implications down the road.

Information Technology Management
The Post-Katrina Emergency Management Reform Act also strengthened FEMA by providing it with new responsibilities, capabilities, and resources, including provisions to enhance information technology (IT) management.[194] Specifically, section 640 required FEMA to take steps to improve and update its IT systems in coordination with the Department of Homeland Security's (DHS) Chief Information Officer (CIO).[195] As the full Committee stated, "IT systems play an integral role in helping FEMA fulfill its mission, including efficiently tracking and monitoring a well-trained agency's disaster workforce, ensuring individual payments to disaster survivors are appropriately served, and recovery projects are eligible as well as on-time and on-budget."[196] However, if they

[191] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by the Department of Homeland Security's Office of Inspector General, April 28, 2014.
[192] Ibid.
[193] Ibid.
[194] P.L. 109-295, Sec. 604.
[195] Ibid.
[196] Senate Homeland Security and Governmental Affairs Committee, letter to The Honorable W. Craig Fugate, Administrator, Federal Emergency Management Agency, May 28, 2014.

are not properly managed, FEMA will struggle to do this.[197] Moreover, reliable IT systems will better enable FEMA to apply cutting-edge analytics and move the agency into a 'data-driven' disaster management organization.

Our review has identified some issues that remain a challenge and require additional attention. FEMA has faced a number of challenges in IT management in recent years. In 2011, for example, the DHS-OIG released a report that detailed a number of shortcomings, finding that the agency's IT systems did not effectively support disaster response and recovery activities.[198] The DHS-OIG listed the following key issues:

- Existing information technology systems did not support disaster response activities effectively.
- FEMA did not have a comprehensive information technology strategic plan with clearly defined goals and objectives or guidance for program office initiatives.
- FEMA has not completed its efforts to document the agency's enterprise architecture. Specifically, the office does not have a complete, documented inventory of its systems to support disasters.
- FEMA program and field offices continue to develop information technology systems independently of the office and have been slow to adopt the agency's standard information technology development approach.[199]

The DHS-OIG report noted, "Without these critical elements, the agency is challenged to establish an effective approach to modernize its information technology infrastructure and systems. As a result, systems are not integrated, do not meet user requirements, and do not provide the information technology capabilities agency personnel and its external partners need to carry out disaster response and recovery operations in a timely or effective manner."[200]

FEMA's Progress

FEMA has taken some steps to address these problems. For example, in line with recommendations from the DHS OIG, the agency has developed a comprehensive IT strategic plan, and it has established a comprehensive enterprise IT systems inventory.[201] The full Committee noted that "FEMA has also hired a new Chief Information Officer (CIO) who has worked to improve coordination between FEMA headquarters and the regional offices, an effort he plans to continue."[202]

Overall, the FEMA CFO pointed to $48 million in cost avoidance over the past 18 months, as part of DHS's Financial Modernization initiative.[203] The FEMA CFO noted that stabilizing FEMA's

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[197] Ibid.
[198] Department of Homeland Security, Office of Inspector General, *The Federal Emergency Management Agency Faces Challenges in Modernizing Information* Technology, OIG-11-69, Washington, D.C.; Apr. 2011.
[199] Ibid.
[200] Ibid.
[201] Senate Homeland Security and Governmental Affairs Committee, letter to The Honorable W. Craig Fugate, Administrator, Federal Emergency Management Agency, May 28, 2014.
[202] Ibid.
[203] Federal Emergency Management Agency, *Strategic Priority 5: Achieve Business and Management Excellence*, briefing from FEMA Office of Chief Financial Officer to Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs staff, Apr. 29, 2014.

core financial system (IFMIS) has been a priority.[204] As a result of a 'technology refresh,' FEMA's core financial system is now not at risk of shutdown and can be updated to meet new and unexpected Treasury reporting requirements.[205] In addition, FEMA now leverages automated document systems to be paperless and support workflow electronically, instead of paper forms. Other specific efficiencies in this area include the elimination of a costly and ineffective budget system with an off-the-shelf system at about $60,000; the annual operating cost for the former system was from $1-2 million, according to the FEMA CFO.[206]

Another example of FEMA's progress toward data-driven decision making, according to FEMA officials, is FEMA's development of a Force Planning Model to provide FEMA leadership with an analytical method to frame policy.[207] This tool for FEMA leadership is designed to right-size the size and composition of a disaster workforce. FEMA's Force Planning Model support FEMA's capability to respond to disasters by better identifying personnel staffing requirements as well as training and equipment costs.[208] This analysis will discuss FEMA's Force Planning Model in greater detail below.

Overall, the FEMA CFO points to $48 million in cost avoidance over the past 18 months, as part of DHS's Financial Modernization initiative.[209] The FEMA CFO noted that stabilizing FEMA's core financial system (IFMIS) has been a priority.[210] As a result of a 'technology refresh,' FEMA's core financial system is now not at risk of shutdown and can be updated to meet new and unexpected Treasury reporting requirements.[211] In addition, FEMA now leverages automated document systems to be paperless and support workflow electronically, instead of paper forms.[212] Other specific efficiencies in this area include the elimination of a costly and ineffective budget system with an off-the-shelf system at about $60,000; the annual operating cost for the former system was from $1-2 million, according to the FEMA CFO.[213]

Recommendation

We encourage FEMA to prioritize its IT improvements as its systems play an integral role in FEMA's mission success. Having the requisite data is essential for planning purposes. Further, GAO is planning a review of FEMA's IT systems conformance to provisions under the Post-Katrina

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[204] Ibid.

[205] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.

[206] Federal Emergency Management Agency, *Strategic Priority 5: Achieve Business and Management Excellence,* briefing from FEMA Office of Chief Financial Officer to Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs staff, Apr. 29, 2014

[207] Federal Emergency Management Agency, FEMA Force Planning Executive Summary, June 2014; and FEMA Disaster Workforce Model: Senate Staff Briefing, June 3, 2014.

[208] Federal Emergency Management Agency, FEMA Force Planning Executive Summary, June 2014.

[209] Federal Emergency Management Agency, *Strategic Priority 5: Achieve Business and Management Excellence,* briefing from FEMA Office of Chief Financial Officer to Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs staff, Apr. 29, 2014.

[210] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.

[211] Ibid.

[212] Ibid.

[213] Federal Emergency Management Agency, *Strategic Priority 5: Achieve Business and Management Excellence*, briefing from FEMA Office of Chief Financial Officer to Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs staff, Apr. 29, 2014.

Act. This GAO review should consider assessing the data quality and reliability in order to efficiently and effectively support disaster management operations.

Administrative Costs are increasing under the Disaster Relief Fund (DRF)

FEMA's administrative costs for disaster response and recovery have been increasing. In September 2012, GAO reported that FEMA's average administrative costs doubled from 9 to 18 percent during fiscal years 1989-2011, and these administrative cost percentages frequently exceeded FEMA's suggested targets.[214] According to GAO's report, FEMA provided guidance for administrative cost targets but does not assess how well the targets were achieved.[215] Examples of administrative costs include the salary and travel costs for the disaster reserve workforce, rent and security expenses associated with each FEMA Joint Field Offices facilities, supplies and information technology support for JFO staff.[216] According to FEMA officials, the agency's administrative costs are primarily due to activities at JFOs; however, administrative costs can also be incurred at FEMA regional offices, headquarters, and other locations.[217]

According to GAO:

- For small disaster declarations (total obligations of less than $50 million), the target range for administrative costs is 12 percent to 20 percent; four out of every ten of these type of disasters had administrative costs that exceeded 20 percent.[218]
- For medium disaster declarations (total obligations of $50 million to $500 million), the target range for administrative costs is 9 percent to 15 percent; almost three out of every ten had administrative costs that exceeded 15 percent.[219]
- For large disaster declarations (total obligations greater than $500 million to $5 billion), the target range for administrative costs is 8 percent to 12 percent; while over four out of every ten of these type of disasters had administrative costs that exceeded 12 percent.[220]

According to GAO's 2012 report, while FEMA is working on actions to improve efficiencies in delivering disaster assistance, the agency does not plan to set goals or track performance for administrative costs.[221] GAO concluded that "adopting administrative cost percentage goals and measuring performance against these goals would help provide FEMA with additional assurance that it is doing its utmost to deliver disaster assistance in an efficient manner."[222] In our interviews

[214] U.S. GAO, *Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own*, GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[215] Ibid.
[216] Ibid.
[217] Ibid. According to FEMA policy, Event Level 1 declarations—with projected obligations of $500 million to $5 billion—have an administrative cost percentage target range of 8 percent to 12 percent of total obligations. Event Level 2 declarations—with projected total obligations from $50 million to $500 million—have a target range of 9 percent to 15 percent. Event Level 3 declarations— with projected obligations of less than $50 million—have a target range of 12 percent to 20 percent.
[218] Ibid. GAO noted that they analyzed 409 small- sized declarations.
[219] Ibid. GAO noted that they analyzed 111 medium-sized declarations.
[220] Ibid. GAO noted that they analyzed 19 large declarations. Two of the 19 large disaster declarations had projected obligations over $5 billion, which is above the dollar range that FEMA uses to define large declarations. GAO included them in the group of large declarations.
[221] Ibid.
[222] Ibid.

of subject-matter experts in disaster management, one disaster management organization noted that there are often inconsistencies in federal reimbursement decisions, which further burdens many applicants as these costs can be substantial during the disaster recovery phase.[223]

GAO is currently working on a follow-up review of administrative costs incurred by states and their subgrantees (localities and contractors) to determine the magnitude of these costs and the extent that FEMA is working to control them.[224] One of the underlying issues in the rise of administrative costs is FEMA's ability to monitor and manage their data.[225] GAO's ongoing work will identify FEMA's ability (and limitations) to use the extensive amounts of disaster recovery project information.[226]

FEMA's Progress

Over the past several years, FEMA has focused on enhancing its overall fiscal stewardship of disaster spending in order to reduce costs and improve efficiency in the Disaster Relief Fund (DRF). The most significant management process that FEMA has instituted is the greater reliance of project management "spend plans."[227] According to the FEMA's Chief Financial Officer, these spend plans have improved the ability to estimate future resource needs.[228] Program and financial components work together to project monthly and yearly needs and evaluated results on a monthly basis.[229] These spend plans are also a key piece of FEMA's monthly congressionally required DRF report of actual and estimated costs.[230]

Other disaster management procedures FEMA identified include 'right-time and 'right-size' funding and active management of contracts and mission assignments to match resource needs with obligations.[231] During the first 90 days of FEMA's response to Superstorm Sandy, for example, mission assignment costs were reduced from $1 billion to $500 million using these project management techniques, according to the FEMA CFO.[232] According to the FEMA CFO, FEMA quickly began evaluating the obligated amounts vs. the actual need and began identifying and de-obligating excess obligations during the first month and a half of the disaster.[233] As of February 2014 FEMA had returned approximately $511M with over $400M being returned within 6 months of the declaration, according to the FEMA CFO.[234] Also, analysis of administrative costs is being

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[223] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from disaster management subject-matter expert, Feb. 21, 2014.
[224] Ibid.
[225] Ibid.
[226] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from U.S. GAO officials, May, 6, 2014.
[227] Ibid.
[228] Ibid.
[229] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[230] Ibid.
[231] Federal Emergency Management Agency, *Strategic Priority 5: Achieve Business and Management Excellence*, briefing from FEMA Office of Chief Financial Officer to Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs staff, Apr. 29, 2014.
[232] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA Office of Chief Financial Officer, Apr. 29, 2014.
[233] Ibid.
[234] Ibid.

performed to identify opportunities for cost management improvement, especially in terms of information technology, use of physical space, and overtime.[235]

Recommendation

We recognize FEMA's efforts to further emphasize project management spend plans, and encourage additional quality management best practices be put into use throughout the entire life of an open disaster. We believe that FEMA could find additional cost efficiencies by identifying the significant differences between planned project performance and costs versus ongoing project performance and costs, as GAO's 2012 report concluded.[236]

Need for Increased Transparency in Tracking Disaster Spending

FEMA maintains data systems including National Emergency Management Information System (NEMIS) and the Emergency Management Mission Integrated Environment (EMMIE) that manages all current and past disaster project information for the agency's Public Assistance, Individual Assistance, and Hazard Mitigation (HMGP) disaster grant programs.[237]

It appears, however, that leveraging these information systems may still be limited. For example, an April 2011 DHS-OIG audit concluded that FEMA's existing technology systems do not support disaster response activities effectively, noting "systems are not integrated, do not meet user requirements, and do not provide the information technology capabilities that agency personnel and external partners need to carry out disaster response and recovery operations in a timely or effective manner."[238] In addition, subject-matter experts from one organization we spoke with noted that "while the tools are already in place at FEMA and serve important functions throughout the recovery cycle, the data stored on these systems is not being fully leveraged to provide Federal, state, and local personnel with the information they need to reduce risk and build greater resilience in the wake of disaster."[239]

Moreover, FEMA is not the only federal agency that states, locals, tribes, territories and individuals and businesses receive support from after a disaster. In April 2009, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) identified 240 eligible federal programs that may provide assistance to affected individuals, states, localities, nonprofit organizations, businesses, and

[235] Federal Emergency Management Agency, *Strategic Priority 5: Achieve Business and Management Excellence*, briefing from FEMA Office of Chief Financial Officer to Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs staff, Apr. 29, 2014.

[236] U.S. GAO, *Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own*, GAO-12-838, Washington, D.C.; Sept. 12, 2012.

[237] The earliest is the Automated Disaster Assistance Management System (ADAMS), followed by the National Emergency Management Information System (NEMIS) and the Emergency Management Mission Integrated Environment (EMMIE); FEMA began the EMMIE pilot on select disasters between December 18, 2007, and July 14, 2008, and used it for all disasters starting with disaster declaration number 1778, declared on July 24, 2008. For more information see Department of Homeland Security, Office of Inspector General, *FEMA's Process for Tracking Public Assistance Insurance Requirements,* OIG-12-18, Washington, D.C.; Dec. 16, 2011.

[238] Department of Homeland Security, Office of Inspector General, *Federal Emergency Management Agency Faces Challenges in Modernizing Information Technology*, OIG-11-69, Washington, D.C.; April 2011.

[239] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from disaster management subject-matter expert, Feb. 21, 2014.

other public entities.[240] In August 2013, the Sandy Rebuilding Strategy recommended improved data sharing between federal agencies that administer disaster recovery programs in order to move federal funds more quickly post-disaster.[241] In particular, considering the Stafford Act's duplication of benefits requirements, the Sandy Task Force recommended the development of a platform for the sharing of data between FEMA, the Small Business Administration (SBA), and the U.S. Department of Housing and Urban Development (HUD) in order to assist CDBG-DR grantees by more quickly and efficiently deploying funds to assist households and businesses with unmet recovery needs.[242] In addition, the Recovery Accountability and Transparency Board testified at this Subcommittee's Sandy recovery hearing that there are multiple areas that could enhance reporting that would lead to improved tracking and analyzing of disaster supplemental spending.[243] Those areas include (1) consistent data definitions for place of performance, (2) edit checks of ZIP+4 codes, (3) a unique funding identifier, and (4) sub-recipient information.[244]

Recent IT Legislative Improvements

It is important to note here that legislation recently passed by Congress will have far-reaching effects on federal agencies and hundreds of thousands of recipient of federal funds – grantees, contractors, universities, nonprofits, states and localities. The Digital Accountability and Transparency Act (DATA Act) gives agencies three years to implement a set of new reporting requirements to track federal spending, but it will be unbelievably complex – requiring changes in federal regulations, and in the written terms of every federal grant, contract and loan agreement of $25,000 or more. [245] These changes will likely cascade to agreements between states and localities with their subgrantees and subcontractors, as well. Initial reviews by experts on performance note that this new law could be implemented effectively.[246] There was virtually unanimous bipartisan support for the legislation in Congress, as well as key support and involvement from internal and external stakeholders to this issue. While the new law contains no dedicated funding, the responsibility for implementation of the data collection and reporting is being placed in the Department of Treasury where it can be integrated into the overall financial management framework for the federal government.[247] Treasury will integrate implementation into a broader framework it is developing to follow the entire 'life cycle of federal spending.'[248]

[240] U.S. Department of Homeland Security, Office of Inspector General, *Compendium of Disaster Assistance Programs*, OIG-09-49, Washington, D.C.; Apr. 3, 2009.
[241] Hurricane Sandy Rebuilding Task Force, *Hurricane Sandy Rebuilding Strategy: Stronger Communities, A Resilient Region*, Washington, D.C.; Aug. 2013.
[242] The Honorable Shaun Donovan, Secretary, United States Department of Housing and Urban Development (HUD), Response to Questions for the Record, Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia, Of the U.S. Senate Committee on Homeland Security and Governmental Affairs, *'One Year Later: Examining the Ongoing Recovery From Hurricane Sandy,'* Washington, D.C.; Nov. 6, 2013.
[243] The Honorable Kathleen S. Tighe, Chairwoman, Recovery Accountability and Transparency Board, Response to Questions for the Record, Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia, Of the U.S. Senate Committee on Homeland Security and Governmental Affairs, *'One Year Later: Examining the Ongoing Recovery From Hurricane Sandy,'* Washington, D.C.; Nov. 6, 2013.
[244] Ibid
[245] P. L. 113-101.
[246] Kamensky, John, *Here's Why DATA Act Implementation May Be Successful,* Government Executive, May 6, 2014.
[247] Ibid.
[248] Ibid.

This initiative builds on past work by the Government Accountability and Transparency Board. The Board "has already begun to develop a roadmap to develop unique identification standards for each transaction, focusing on grants and contracts --which account for one-third of total spending each year."[249] One expert noted 'while the opportunities for success are good, the real challenge will be not to just comply with the law, but to actually act on its intent' – to increase transparency, improve performance, and change the culture in agencies.[250]

Recommendations

FEMA needs to continue to work with its partner agencies (such as SBA, HHS, HUD, etc.) and the Recovery Board to identify additional transparency in its contracts and acquisition spending to both Congress and the public. One potential fix is to have FEMA consider ways to better leverage existing data that track both the applicants and properties that are at the highest risk. This should involve breaking down "information silos" within FEMA that prevent information from being shared across the agency to entities tasked with assisting the public. This may significantly reduce costs in the short term, and also reduce long-term spending by identifying properties that incur the highest recurring losses.

We recommend that FEMA recognizes their ability to use the historical disaster recovery data the agency has collected should be a next-generation asset. This should be an effective tool for planning and managing future disaster recovery operations such as, predicting the extent of communities' needs for FEMA's Individual Assistance (IA) and/or Public Assistance (PA) programs, and the needed staffing to do a certain jobs, thus this is an opportunity for FEMA to capture greater efficiency and improve performance. Using this past data more effectively can potentially save the Agency taxpayer money in helping improve their planning efforts and make data-driven decisions.

We have observed that the DHS OIG does not currently have a data system that provides either Congress or the general public with accurate records on the status of the implementation of open recommendations.[251] For Congress to comprehensively perform its oversight functions it is important that congressional subcommittees such as this one can monitor the results of DHS OIG audit recommendations to verify that the recommended actions are being taken and, to the extent possible, that the desired results are being achieved. Moreover, we view an agency's accountability and quality management as a larger system that relies on internal and external stakeholders contribute both directly and indirectly to ensure that FEMA's products and services are efficient and effective.[252]

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[249] Ibid.

[250] Kamensky, John, *Here's Why DATA Act Implementation May Be Successful*, Government Executive, May 6, 2014.

[251] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by the Department of Homeland Security's Office of Inspector General, May 29, 2014.

[252] The general research on total quality management recognizes a "three-spheres" approach that encompasses quality management, quality assurance, and quality control. For additional examples see https://services.online.missouri.edu/exec/data/courses/2392/public/lesson01/lesson01.aspx; or FEMA, Risk MAP program Quality Assurance Management Plan process, http://www.fema.gov/risk-mapping-assessment-planning.

FEMA's Secure Data Policy
In September 2013, FEMA developed a policy for secure data sharing.[253] FEMA will share FEMA-collected disaster assistance data (FEMA Recovery Data) with its 'Trusted Partners' in a secure and expedient manner. [254] Sharing seeks to: (1) enhance partners' abilities to make well-informed and rapid decisions based upon sound data, and (2) enable the delivery of additional, non-federal assistance to disaster survivors.[255] FEMA Recovery Data may include Personally Identifiable Information (PII) and Sensitive Personally Identifiable Information (SPII).[256] As such, it will only be shared as authorized by the Privacy Act and FEMA's relevant public notice.[257] FEMA will only share PII with Trusted Partners when authorized by either the head of the Individual Assistance Division or the Federal Coordinating Officer, as part of a disaster operation.[258]

While we recognize the need for increased transparency in tracking disaster spending—as discussed above—we reviewed FEMA's current data sharing policy and has voiced concerns. We recognize that sharing data with State, Tribal, and certain other quasi-governmental entities is a necessary mechanism to preventing fraud, waste, and abuse, and support FEMA in that effort. We also we also recognize that such efficiencies can be captured through additional inter-departmental and intergovernmental data sharing. This Congress expects FEMA will share information with State and Tribal governments, as expressed in section 408(f)(2) of the Stafford Act, to ensure that all necessary State or Tribal aid is provided to the disaster survivor.[259] However, we believe that individuals' civil liberties and privacy rights are also paramount, and are thus concerned that current FEMA policy and procedures do not provide disaster survivors with a full and complete understanding of the ways in which FEMA will use and share personal information about them. We believe it is unreasonable for a disaster survivor to have to contact FEMA and wade through government bureaucracy for a full explanation of how their personal information could be used.

Recommendation
We believe that FEMA should immediately provide an option for disaster survivors to opt-out of their data being shared with organizations and entities beyond those clearly identified in the Stafford Act section 408(f)(2). In addition, FEMA should provide clear guidelines to the public on how the information is being distributed to the third-party entities.

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[253] Federal Emergency Management Agency, Recovery Policy 9420.1. *Secure Data Sharing,* Washington, D.C.; Sep. 9, 2013.
[254] According to FEMA Recovery Policy 9420.1, 'Trusted Partners' is defined as: Any governmental or non-governmental entity described and defined in Routine Uses (H), CT), or, in certain instances, (F) of the Disaster Recovery Assistance System of Records Notice. This policy breaks down Trusted Partners into the following groups: a) Other Federal Agencies, b) State and Tribal government, c) Local governments and Voluntary Organizations, d) Utility Companies, Hospitals, and Health Care Providers, e) Voluntary organizations able to provide durable medical equipment or assistive technology, f) Other entities able to provide durable medical equipment or assistive technology, and g) Private sector businesses that employ disaster survivors.
[255] Ibid.
[256] Ibid.
[257] Ibid.
[258] FEMA Recovery Policy 9420.1.
[259] Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia, correspondence to The Honorable W. Craig Fugate Administrator, Federal Emergency Management Agency, Feb. 7, 2014.

Disaster Declaration Criteria

In September 2012, GAO found that FEMA primarily relied on a single metric to determine whether to recommend to the President that a jurisdiction receive public assistance (PA) funding: the per capita dollar amount of damage for a state, since it was created in 1986.[260] GAO noted that this per capita indicator does not reflect the rise in (1) per capita personal income or (2) inflation from 1986 to 1999.[261] GAO's analysis of FEMA's anticipated obligations for 508 declarations with PA during fiscal years 2004-2011 shows that either 44 percent or 25 percent may not have met the indicator if it had been adjusted for increases in personal income and inflation since 1986 – depending on whether one updates per capita personal income or inflation.[262] In May 2012, the DHS Office of Inspector General reached a similar conclusion based on its analysis.[263]

In GAO's 2012 study, they identified other measures of fiscal capacity, such as total taxable resources, that could be more useful in determining a jurisdiction's ability to pay for damages to public structures.[264] GAO recommended that FEMA develop a methodology that provides a more comprehensive assessment of a jurisdiction's capability to respond to and recover from a disaster without federal assistance.[265] This should include one or more measures of a jurisdiction's fiscal capacity, and consideration of the jurisdiction's response and recovery capabilities; if FEMA continues to use the existing per capita damage indicator, it should adjust the indicator for inflation.[266]

However, simply adjusting the single per capita income threshold that FEMA now uses does not consider variations from state to state of states' capability to respond and recover. For example, as GAO reported in 2001 and in 2012, per capita personal income is a relatively poor indicator of a jurisdiction's fiscal capacity because it does not comprehensively measure all income potentially subject to jurisdiction taxation and is not necessarily indicative of jurisdiction or local capability to respond effectively without federal assistance.[267]

In addition, an adjustment per capita damage indicator would also not adequately take into account unique needs and higher transportation costs to perform response and recovery activities, due to the remote distances as well as physical and seasonal challenges.[268] This is especially a challenge for states and territories outside of the Lower 48.[269] The DHS-OIG recently identified this issue in their

[260] GAO: Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own, GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[261] Ibid.
[262] Ibid.
[263] Department of Homeland Security, Office of Inspector General, *Opportunities to Improve FEMA's Public Assistance Preliminary Damage Assessment Process*, OIG-12-709, Washington, D.C.; May 2, 2012.
[264] GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[265] Ibid.
[266] Ibid.
[267] GAO: *Disaster Assistance: Improvement Needed in Disaster Declaration Criteria and Eligibility Assurance Procedures*, GAO-01-837; Washington, D.C.: Aug 31, 2001; and *Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own*, GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[268] Martin, Stephanie, Mary Killorin and Steve Colt, *Fuel Costs, Migration, and Community Viability*, Institute of Social and Economic Research, University of Alaska Anchorage, May 12, 2008; William D. Berry, Richard C. Fording and Russell L. Hanson, *An Annual Cost of Living Index for the American States, 1960-1995*, The Journal of Politics, Vol. 62, No. 2 pp. 550-567, May, 2000; also see http://cost-of-living.findthebest.com.
[269] Ibid.

June 2014 audit of FEMA's response to the Disaster in Galena, Alaska.[270] The DHS-OIG recognized the additional challenges to providing cost-effective ways to provide disaster response and recovery services to "nontraditional, remote, and inaccessible communities."[271] In addition, earlier GAO work has similarly identified these inequities in the variations between states in costs of providing program services, such as the formula currently used to distribute Health and Human Services' substance abuse grants.[272] Further, we also recognize that there is dissention within the emergency management community as to whether the current damage indicator is the best measure of a State's ability to recover without disaster assistance. All of these concerns could be addressed through a full, open discussion by Congress.

Revise and Clarify Disaster Recovery Policies and Guidance: The "50 Percent Rule" Case Study

The DHS-OIG's 2013 report specifically called out problems in properly applying FEMA's 50 Percent Rule in determining whether to repair or replace a damaged facility.[273] Federal requirements (under the Code of Federal Regulations [CFR]) and FEMA guidelines pertaining to the 50 Percent Rule stipulates:

> *"A facility is considered repairable when the disaster damages do not exceed 50 percent of the cost of replacing the facility to its pre-disaster condition, and it is feasible to repair the facility so that it can perform the function for which it was being used as well as it did immediately prior to the disaster. If a damaged facility is not repairable, approved restorative work may include replacement of the facility*."[274]

The complexities of applying the 50 Percent Rule and a lack of adequate policies and procedures, incorrect replacement decisions cost FEMA millions of dollars, according to the DHS-OIG.[275] For example, the DHS-OIG's May 2013 report found that FEMA misapplied the 50 Percent Rule to determine project eligibility and replaced damaged facilities.[276] The 50 Percent Rule states that a facility is generally "eligible for replacement when the estimated repair cost exceeds 50 percent of the estimated replacement cost."[277] In two of the instances when FEMA misapplied the 50 Percent Rule, FEMA relied on inaccurate documentation that the subgrantee provided.[278] In one example,

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[270] Department of Homeland Security, Office of Inspector General, *FEMA's Response to the Disaster in Galena, Alaska*, OIG-14-106-D, Washington, D.C.; June 17, 2014.
[271] Ibid.
[272] GAO, *Maternal and Child Health: Block Grant Funds Should Be Distributed More Equitably*, HRD-92-5: Washington, D.C.: Apr 2, 1992; and *Worker and Family Assistance: Older Americans Act Funding Formula*, HEHS-96-137R: Washington, D.C.: Apr 24, 1996. Also see CRS, Substance Abuse and Mental Health Services Administration (SAMHSA): Agency Overview and Reauthorization Issues, R41477, Washington, D.C.; Nov 4, 2010. CRS notes that the SAMSA formula for calculating a state's block grant allocations takes into account three measures: (1) the population-at-risk in the state; (2) the costs of services in the state; and (3) the fiscal capacity of the state (PHSA Secs. 1918 and 1933).
[273] According to Federal regulation 44 CFR 206.226(f)(1), 'A facility is considered repairable when disaster damages do not exceed 50 percent of the cost of replacing a facility . . . .' FEMA refers to this regulation as the '50 Percent Rule' and implements it according to its Disaster Assistance Policy 9524.4. This policy provides the decision-making tool to determine whether FEMA should fund the repair or replacement of a disaster-damaged facility.
[274] 44 CFR 206.226(f)(1)-(2).
[275] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-13-90, Washington, D.C.; May 2013.
[276] Ibid.
[277] Ibid.
[278] Ibid.

the DHS-OIG identified $10.2 million as ineligible, as FEMA officials used incorrect square footage because using calculations provided by the school district that did not account for codes and standards.[279]

The DHS-OIG concluded that FEMA needs to ensure that PA and HMGP applicants spend Federal funds only on eligible projects.[280] In making project decisions that require careful calculations to determine project eligibility, the DHS-OIG found that FEMA and grantee officials should verify itemized costs and benefits needed to correctly implement FEMA calculation tools, such as the Cost Estimating Format and Benefit/Cost Analysis.[281] Further, the DHS-OIG recommended in 2013 that FEMA strengthen and clarify its disaster grant program policies and take steps to ensure that they are applied consistently in the field.[282] The DHS-OIG also recommended in their 2013 report that FEMA should also identify and help close gaps inhibiting effective disaster grant and subgrant management, and oversee grantees and subgrantees to ensure that they follow laws, regulations, and policies throughout the life of the projects. [283] FEMA agreed with the recommendations and stated it needs to develop improved policies, procedures, preparation and review standards, and training programs to prevent the misapplication of the 50 Percent Rule, and ensure more consistent application across all FEMA Regions.[284]

The DHS-OIG noted in its FY2013 management challenges report that FEMA agreed that the agency's current 50 Percent Rule policy and its implementation need significant revisions, and concurred that the DHS-OIG's audit observations showed the need for better policy, training, and oversight to prevent the misapplication of the 50 Percent Rule.[285]

According to subject-matter experts we spoke to, the 50 percent rule can have a significant impact on whether communities incorporate resilience into disaster recovery projects, since hazard mitigation and community resilience efforts are mostly performed as part of disaster recovery from a specific event rather than pre-disaster mitigation.[286] But as the length of disaster recovery slowly progresses, there is increasing pressure to rebuild to pre-disaster conditions rather than build back to withstand future events.[287]

[279] Ibid.
[280] Ibid.
[281] Ibid.
[282] Ibid.
[283] Ibid.
[284] Ibid.
[285] U.S. Department of Homeland Security, Office of the Inspector General, *Major Management and Performance Challenges Facing the Department of Homeland Security*, OIG-14-17, Dec. 2013.
[286] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from disaster management subject-matter experts, Jan. 13, 2014; Feb. 21, 2014.
[287] Ibid.

FEMA's Progress

We discussed this with FEMA officials, who noted that their Recovery Directorate is reviewing all of its disaster recovery policies and guidance on a 3-year review cycle.[288] The goal is to develop and maintain a consolidated guidance that ensures greater consistency across its disaster recovery policies as well as policies that ensure a more consistent implementation by FEMA regions and its disaster recovery workforce.[289] FEMA's *Team (in)Sure!* project team has analyzed the DHS-OIG's audits and findings to identify a number of root causes for these cost estimates, such as inconsistent estimation methodology or the inclusion improper elements in a cost calculation, and inconsistencies internal oversight and review.[290] Another root cause FEMA identified was inconsistent consideration of floodplain management regulations and local building codes and standards.[291] FEMA officials noted that a critical part of improving FEMA performance is a function of FEMA's workforce quality; that the disaster recovery workforce has the proper qualifications and is up to date on training.[292] According to FEMA officials, they estimate a completed draft policy in 2014 that will be available for leadership review.[293]

Recommendations

FEMA should explore the possibility of additional quality management steps such as preapproving project plans where possible. We believe that this could enhance the readiness of the rebuilding effort so that when a disaster occurs, the available mitigation funding may be dispersed more quickly to pre-approved projects. This step could reduce administrative and planning costs for jurisdictions, expedite the flow of mitigation funding after a disaster, and ultimately reduce the workload on FEMA personnel in the period after a disaster occurs. In addition, we encourage FEMA to further review and streamline all its policies and guidance. Further, as FEMA goes through its reviews, it needs to coordinate these revisions in concert with training program develop needs, as well as coordinate these revisions in concert with the development of grantee/subgrantee outreach strategies and program.

FEMA's Workforce – The Agency's 'Critical Infrastructure/Key Asset'

FEMA's goal of 'instituting workforce enhancement that will ensure FEMA employees are fully trained and equipped to perform their mission' was identified by FEMA senior leadership in December 2009 as one of three long-term priorities for the agency.[294] Based on this, FEMA leadership established five priorities designed to address the Agency's current and future challenges, which were articulated in the Administrator's Statement of Intent for FY 2012 - 2016.[295] Among these five priorities,

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[288] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA officials, May 8, 2014; site visits and interviews per November 6th EMDC Subcommittee hearing: *'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Oct. 31, 2013.
[289] Ibid.
[290] Ibid.
[291] Ibid.
[292] Ibid.
[293] Ibid.
[294] Department of Homeland Security, Federal Emergency Management Agency: *FEMA Strategic Plan: Fiscal Years 2011-2014*, FEMA P-806, Washington, D.C.; Feb. 2011.
[295] Ibid.

> *"FEMA must build, sustain, and improve its workforce and develop its current and future leadership. People are the backbone of any organization and FEMA is no exception. FEMA staff must have the tools they need to accomplish the mission. FEMA's ability to develop its workforce is the single most important driver of the Agency's future success"*[296]

Under the Stafford Act, FEMA has the authority to augment its permanent full-time staff with temporary personnel when needed, without regard to the appointment and compensation provisions governing Title 5 appointments of permanent full-time staff.[297] In April 2012, GAO reviewed FEMA's workforce planning and training efforts.[298] GAO noted that permanent full-time employees manage FEMA's day-to-day activities, and a portion of these employees are expected to deploy when a disaster is declared.[299] In addition to permanent FEMA employees FEMA also employs intermittent, on-call employees, now called Reservists. As of April 2014, there are over 6,100 Reservists, who comprise the largest portion of the disaster workforce; in addition, FEMA employs over 3,000 full-time positions for two to four-years, as part of their Cadre of On-Call Response/Recovery Employees (CORE).[300] All are activated to perform disaster activities directly related to specific disasters, emergencies, projects, or activities of a non-continuous nature.[301]

<u>Workforce Issues Also Found in Recent Recovery Efforts</u>

As a result of this Subcommittee's review of Hurricane Sandy recovery efforts, this Subcommittee received numerous reports of a lack of continuity of FEMA officials in the field, which led to inconsistency in FEMA policy interpretation and re-work, thus resulting in a slower disaster recovery.[302] In the review of the recovery from Superstorm Sandy, this Subcommittee heard mixed reviews for FEMA's workforce in managing Sandy response and recovery efforts.

State and local officials did acknowledge that there was an improvement in the federal efforts during the immediate response compared to previous disasters.[303] There also appeared to be a coordinated response between FEMA, states and locals, especially the advanced integration of FEMA officials who were all FEMA's top-tier people--many of whom had long-standing relationships with NY and NJ State and local officials.[304] However, these state and local officials also noted a lack of continuity of FEMA officials during the recovery process that led to

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[296] Department of Homeland Security, Federal Emergency Management Agency: *FEMA Strategic Plan: Fiscal Years 2011-2014*, FEMA P-806, Washington, D.C.; Feb. 2011.
[297] 42 U.S.C. § 5149(b)(1). Under the provisions of Title 5 governing appointments in competitive service, recruitment of candidates is based on merit where selection is made after a fair and open competition assuring equal opportunity. The candidates are selected based on an application, interview process, and/or examination.
[298] U.S. GAO, *Federal Emergency Management Agency: Workforce Planning and Training Could Be Enhanced by Incorporating Strategic Management Principles*, GAO-12-487. Apr. 26, 2012.
[299] Ibid.
[300] Ibid.
[301] Ibid.
[302] Senate Subcommittee on Emergency Management, Intergovernmental Relations and the District of Columbia, *Staff Memo for November 6th EMDC Subcommittee hearing: 'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Oct. 31, 2013.
[303] Ibid.
[304] Ibid.

inconsistency in FEMA policy interpretation and duplication.[305] This was a common criticism of state and local officials working with federal recovery officials.[306]

Similarly, the full Senate Homeland Security and Governmental Affairs committee (HSGAC) hearing in March 2013[307] also noted issues including: (1) frequent turnover of FEMA personnel without sufficient transition periods for their replacements resulted in Federal officials who gave conflicting policy guidance, (2) FEMA officials from other parts of the country were not locally-known and did not have good working relationship or a practical working knowledge of the areas they were serving, and (3) rework that supersedes earlier decisions on assignments and recovery projects.[308] These issues also arose in the response to the 2013 Yukon River flooding in Galena, Alaska.[309]

Such issues of FEMA bureaucracy have been repeated time and again, going back to Hurricane Katrina response and before. For example, the fiscal year 2009 Senate appropriations report noted its concern that the agency was too reliant on temporary employees for its disaster recovery projects, creating a "lack of consistent decision-making and lack of reliable information for State and local governments." [310] The Senate report cited "constant turnover in FEMA personnel results in poor transitions of project management from one individual to the next, and frequent overturning of previous decisions relied upon by local communities to make funding and planning decisions."[311] The Appropriations Committee believed that such FEMA recovery employees–both permanent and reservists—would strongly benefit from training on FEMA policy and regulations to increase the consistency of their decision-making.[312]

Reports from other states and other disasters confirm these observations. The following 2010 article[313] distills these oft-described challenges during the disaster recovery process:
"…In the wake of serious disasters, FEMA will initially deploy a cadre of disaster assistance reservists to help local officials take a first cut at establishing long-range recovery strategies and needs. They come in for two weeks and meet with local players. And then they leave, and someone else comes in and looks at paperwork and says, 'Oh no, that's not right.' It's very frustrating for local officials, and it's one of the reasons that some disasters drag as long as they do. Everyone

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[305] Ibid.
[306] Senate Subcommittee on Emergency Management, Intergovernmental Relations and the District of Columbia, *Staff Memo for November 6th EMDC Subcommittee hearing: 'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Oct. 31, 2013.
[307] U.S. Senate, Committee on Homeland Security and Governmental Affairs, *Hurricane Sandy: Getting the Recovery Right and the Value of Mitigation*, March 20, 2013; and Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia, Of the U.S. Senate Committee on Homeland Security and Governmental Affairs, *One Year Later: Examining The Ongoing Recovery From Hurricane Sandy*, Washington, D.C.; Nov. 6, 2013.
[308] Ibid.
[309] Federal Emergency Management Agency, Alaska Flooding (DR-4122).
[310] U.S. Senate, Committee on Appropriations, Department Of Homeland Security Appropriations Bill, 2009, 110th Congress, 2nd Session, Report 110-396, Washington, D.C.; June 2008.
[311] Ibid.
[312] Ibid.
[313] GOVERNING Institute, FEMA: *Making a Comeback: An invigorated FEMA is on the comeback trail. Do the federal agency's local partners see any progress?* GOVERNING magazine. Washington, D.C., Aug. 2010.

seems to have a story where FEMA circled back and said, 'Oops, there is something you missed here, do not pass go[.]'"[314]

An additional effect of these workforce challenges can be the lack of consistent application of FEMA's recovery policies. For example, this Subcommittee has heard that FEMA leadership may emphasize mitigation (Sec 404) in recovery projects, but field staff was reluctant to implement this option under the Stafford Act.[315] This has been a theme throughout its review of Sandy recovery and our ongoing discussions with subject-matter experts.[316]

Historically, FEMA's workforce has been a challenge for the agency, an area often-identified by congressional committees in the aftermath of Hurricane Katrina. For example, a 2009 Senate report found in the years preceding Hurricane Katrina FEMA had operated with a 15 to 20 percent vacancy rate; many positions cannot be filled because of budget shortages.[317] The report concluded 'Having enough qualified people to work in a disaster is a necessity for an effective response. FEMA's current surge-workforce system is plagued with problems that impeded the response.'[318] In 2009, Congressional appropriators recognized FEMA's post-Katrina efforts which doubled the agency's full-time equivalent positions.[319] Similarly, these issues were also identified by the Partnership for Public Service, who noted that FEMA had experienced years of plummeting workforce morale before the tragic consequences of Hurricane Katrina exposed its lack of operational capacity.[320] We recognize that FEMA's missions, program outcomes are customer-focused and require a workforce skilled, trained and focused on such external outcomes.

FEMA's Progress

- *FEMA Qualifications System (FQS)*--Under the Post-Katrina Act, FEMA is responsible for developing standards for deployment capabilities including credentialing of personnel likely to respond to natural disasters, acts of terrorism, and other man-made disasters.[321] In response, FEMA is implementing its FEMA Qualifications Systems (FQS) to credential all employees in incident management or support positions.[322] The goal of FQS is simple, to put the right people in the right job, ensuring that each employee must meet certain skills, credentials, experience and is up-to-date on needed training. FEMA's 2011-2014 strategic plan identified as one of its

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314 Ibid.
315 Senate Subcommittee on Emergency Management, Intergovernmental Relations and the District of Columbia, site visits and interviews per November 6th EMDC Subcommittee hearing: *'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Oct. 31, 2013.
316 Ibid.
317 U.S. Senate, Ad Hoc Subcommittee on Disaster Recovery Committee, *Far From Home: Deficiencies in Federal Disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement*, Washington, D.C.; Feb. 2009.
318 Note: This issue was identified by congressional committees following Hurricane Katrina by the Ad Hoc Subcommittee on Disaster Recovery (Recommendation #5 Point #2: FEMA should have a well-trained catastrophic disaster reserve workforce - S Prt 111-7 February 2009), as well as the House Select Bipartisan Committee final report.
319 U.S. Senate, Committee on Appropriations, Department Of Homeland Security Appropriations Bill, 2009, 110th Congress, 2nd Session, Report 110-396, Washington, D.C.; June 2008.
320 Partnership for Public Service, *Toward Common Ends: The Foundation Sector and the Federal Government,* Washington, D.C. Jan. 20, 2011.
321 6 U.S.C. § 320.
322 U.S. GAO, *Federal Emergency Management Agency: Workforce Planning and Training Could Be Enhanced by Incorporating Strategic Management Principles,* GAO-12-487. Washington, D.C.; Apr. 26, 2012.

five key outcomes: 'Implement a performance-based qualification requirements system for all FEMA personnel participating in disaster response and recovery activities and a dynamic readiness measurement system for FEMA teams and deployable assets.'[323] According to FEMA's FQS guidebook, the goal of the system is to standardize the qualifications for positions across the Agency so that an employee who is qualified to perform in a given disaster position in one FEMA Region will be prepared to perform in the same position in another Region.[324]

In May 2012, GAO reviewed the FEMA Qualification System (FQS), and found management controls and training could be strengthened.[325] The GAO report noted that FEMA has taken steps to enhance its management of the agency's Reservists program, such as through the establishment of its FQS credentialing program.[326] This report further went on to recommend ways that FEMA's human capital controls could be strengthened, as FEMA's regional managers are responsible for hiring, but at that time FEMA did not have established hiring criteria and had limited salary criteria.[327] In addition, Reservists' training was not consistent with key attributes of effective training and development programs.[328] For example, GAO identified the lack of a staff training plan which, at that time, FEMA did not have such a plan although this was an FQS requirements.[329] At the time of GAO's review FEMA had announced plans to transform the program.[330] As FEMA's effort was still in the early stages, it was too soon for GAO to fully evaluate the effectiveness of FEMA's planned actions.[331] When DHS-OIG officials briefed HSGAC and EMDC staff in September 2013, they noted that their review of FEMA's FQS system, the DHS-OIG found that FEMA's personnel performance evaluation system was not yet linked to the FQS system in a way that would enable FEMA managers to appropriately assign high-performing staff to meet the needs of a given disaster.[332]

We met with FEMA officials in charge of managing the disaster workforce in order to identify the agency's efforts to address what FEMA refers to as 'cadre management.'[333] FEMA officials noted that cadre management is a higher priority and is now a full-time responsibility under FEMA's Response and Recovery office.[334] FEMA officials stated that the newly-designed processes in their office enhance their ability to ensure that sufficient disaster staff is available, are appropriately and adequately educated, and trained, to effectively perform their functions,

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[323] Department of Homeland Security, Federal Emergency Management Agency: *FEMA Strategic Plan: Fiscal Years 2011-2014*, FEMA P-806, Washington, D.C.; Feb. 2011.
[324] Department of Homeland Security, Federal Emergency Management Agency, *FEMA Qualification System Guide for Incident Management and Incident Support Positions*, Washington, D.C.; Fall 2012.
[325]U.S. GAO, *Disaster Assistance Workforce: FEMA Could Enhance Human Capital Management and Training*, GAO-12-538, Washington, D.C.; Jun. 1, 2012.
[326] Ibid.
[327] Ibid.
[328] Ibid.
[329] Ibid.
[330] Ibid.
[331] Ibid.
[332] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by DHS-OIG staff, Sept. 29, 2013.
[333] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by the FEMA Office of Response and Recovery officials, April 28, 2014.
[334] Ibid.

and ensure workforce competencies are maintained, sustained, aligned, and focused.[335] According to FEMA officials, these efforts have reduced overtime costs by about 50 percent.[336]

FEMA's focus on is currently reflected in the agency's 2014-2018 strategic plan, under the priority "Strengthen FEMA's Organizational Foundation."[337] Specifically, this strategic plan recognizes the need to "Build, manage, and strengthen the FEMA workforce" as one of its key objectives.[338]

- *FEMA's 'Force Planning' Analyses*--Further, FEMA officials are also focusing their efforts on 'workforce stabilization' to change the ratio of leaders, supervisors and specialists that are deployed to a disaster.[339] According to FEMA officials, their objective will be to increase the use of FEMA Corps teams, and greater shift the distribution of employee types across supervisory, management and specialists positions.[340] FEMA workforce data provided to this Subcommittee showed that the average composition of a disaster deployment has changed since 2011.[341] For example, whereas the average disaster field office was composed of 36% of Chief and Directors, that percentage was 8% in 2013 disasters.[342] The composition of disaster Specialists have gone from 7% in 2011 to 66% in 2013.[343] Moreover, the composition of these specialists are made up of a lesser percentage of temporary Reservists, and a larger percent of Cadre of On-Call Response/Recovery Employees (CORE), who are full-time FEMA staff hired to work for a specific, limited period, between two to four years.[344] According to FEMA officials, these CORE employees are also making up a larger percentage of Chief, Directors and Managers at disasters.[345] Further, FEMA's goal under their Workforce Stabilization program is to reduce the overall costs, even while increasing the overall size of the disaster workforce.[346] According to FEMA's analysis, the agency would reduce its average hourly rate by almost 23 percent.[347]

  Much of FEMA's disaster workforce improvements come from new planning tools available to FEMA leadership designed to sufficiently staff the number and composition of a disaster

335 Ibid.
336 Ibid.
337 Department of Homeland Security, Federal Emergency Management Agency: *FEMA Strategic Plan: Fiscal Years 2014-2018,* Washington, D.C.; July 2014.
338 Ibid.
339 Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by the FEMA Office of Response and Recovery officials, April 28, 2014.
340 Ibid.
341 Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by the FEMA Office of Response and Recovery officials, April 28, 2014.
342 Ibid.
343 Ibid.
344 Federal Emergency Management Agency, *FEMA Force Planning Executive Summary*, June 2014; and FEMA Disaster Workforce Model: Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by FEMA, June 3, 2014.
345 Ibid.
346 Federal Emergency Management Agency, FEMA Force Planning Executive Summary, June 2014; and FEMA Disaster Workforce Model: Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by FEMA, June 3, 2014.
347 Federal Emergency Management Agency, *FEMA Force Planning Executive Summary*, June 2014.

workforce, according to FEMA officials.[348] FEMA developed a Force Planning Model to provide FEMA leadership with an analytical method to frame policy.[349] Gives FEMA the capability to respond to disasters but also plan for personnel staffing requirements as well as training and equipment costs, according to FEMA.[350] According to FEMA, the Force Planning Model is statistically valid and grounded in 11 years of experience and data that will help serve as a foundation to studies such as FEMA's Strategic Workforce Planning Initiative and Congressional inquiries.[351] The model identifies FEMA's personnel needs with four disaster level events in descending order of severity resulting in personnel numbers required for FEMA to adequately respond to the projected event.[352] Thus, FEMA's workforce planning assumptions estimates that the agency's size should be able to annually respond to:

- One Level I Katrina event
- Three Level I events; two of which are concurrent
- 28 Level II events; 20 of which are concurrent
- 70 Level III events with the capability to support 30 Level III teams[353]

According to FEMA, their model then quantifies these 4 levels of event severity based on FEMA's historical from 1998 through 2008.[354] FEMA analysis further identified six factors that are the most relevant in determining the number of resources FEMA used in responding to disasters:

- people displaced;
- square miles affected;
- staff deployed;
- the number of Individual and Household Program awards;
- the number of mitigation projects; and
- the number of public assistance projects.[355]

The model used historical data from FEMA's Enterprise Data Warehouse and the Automated Deployment Database (ADD).[356] Joint Field Office (JFO) staff and various FEMA divisional staff leads provided additional data validation and verification.[357]

Further, FEMA officials with whom we spoke with also noted that during FEMA's response to Superstorm Sandy they contracted with Alabama state emergency management office to leverage this state agency's manpower and expertise to perform disaster recovery missions in New York.[358] This innovative effort leverages the capabilities that states and FEMA's preparedness grants have built, not unlike how FEMA deploys skilled teams under the *Urban Search and Rescue* program

[348] Ibid.
[349] Ibid.
[350] Federal Emergency Management Agency, FEMA Force Planning Executive Summary, June 2014; and FEMA Disaster Workforce Model: Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by FEMA, June 3, 2014.
[351] Ibid.
[352] Ibid.
[353] Federal Emergency Management Agency, FEMA Disaster Workforce Model: Senate Staff Briefing, June 3, 2014.
[354] Ibid.
[355] Federal Emergency Management Agency, FEMA Force Planning Executive Summary, June 2014.
[356] Ibid.
[357] Ibid.
[358] Federal Emergency Management Agency, FEMA Disaster Workforce Model: Senate Staff Briefing, June 3, 2014

(USAR),[359] or through the Emergency Management Assistance Compact (widely known as "EMAC").[360] We are encouraged by the efficient and effective use of these existing national capabilities, and suggests that FEMA further assess the advantages and limitation of expanding this arrangement.

Better Training Needed to Increase Efficiency and Performance

Better training across FEMA and at all levels could significantly save federal disaster expenditures. Prior to the establishment of FQS, GAO examined FEMA personnel challenges.[361] For example, in April 2012, GAO found that, while FEMA leadership is committed to effective workforce plans and training, it has not established specific long-term goals such as integrating agency-wide training efforts, and had not developed processes to systematically collect and analyze agency-wide workforce and training data.[362] This report noted that FEMA was taking steps to integrate its workforce planning and training efforts across the agency consistent with critical success factors for strategic workforce management.[363] The April 2012 report noted, for example, that FEMA's leadership had demonstrated commitment to effectively plan for and train its workforce, although at that time it had not yet established specific long-term goals for these efforts.[364] GAO concluded that such goals and metrics would help ensure accountability for FEMA's workforce planning and training.[365]

A GAO report in March 2013 identified some ongoing challenges to FEMA reservist training practices.[366] The report noted that FEMA had modified its training policies to now allow up to two weeks of Reservist training outside of deployments under the new Reservist program (FQS) since the start of fiscal year 2013.[367] But, the report also notes that factors such as the way in which FEMA funds its disaster program through the Disaster Relief Fund (DRF) have limited the agency's ability to train its Reservists in advance of deployments to disasters. Under FEMA's new Reservist program, Reservists are allowed to train at the Emergency Management Institute and in their homes (i.e.: web-based courses) during those times between disaster deployments.[368] FEMA officials acknowledged that having certain training courses take place in the midst of a disaster may not be feasible, such as intermediate- and advanced-level training.[369] This GAO review found that SBA, the Forest Service, and the Coast Guard each train their reservists in advance of deploying these

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359 Section 634, P.L. 109-295, 120 Stat. 1421, 6 U.S.C. 722.

360 P.L. 104-321.

361 U.S. GAO, *Federal Emergency Management Agency: Workforce Planning and Training Could Be Enhanced by Incorporating Strategic Management Principles,* GAO-12-487; Washington, D.C.; Apr 26, 2012; U.S. GAO, *FEMA Reservists: Training Could Benefit from Examination of Practices at Other Agencies,* GAO-13-250R; Washington, D.C.; Apr 22, 2013.

362 U.S. GAO, *Federal Emergency Management Agency: Workforce Planning and Training Could Be Enhanced by Incorporating Strategic Management Principles,* GAO-12-487; Washington, D.C.; Apr 26, 2012.

363 Ibid.

364 Ibid.

365 Ibid.

366 U.S. GAO, *FEMA Reservists: Training Could Benefit from Examination of Practices at Other Agencies,* GAO-13-250R; Washington, D.C.; Apr 22, 2013.

367 Ibid.

368 Ibid.

369 Ibid.

individuals to a disaster. For these agencies training funds are not dependent on whether reservists are deployed, thereby allowing more flexibility in when training may be provided.[370]

In February 2014, a DHS-OIG audit assessed the extent that FEMA accurately disseminated procurement information to potential applicants during the initial response phase.[371] One of the conclusions by the DHS-OIG is that FEMA should provide training to its employees to ensure they provide complete and accurate guidance on Federal procurement standards to potential applicants early in the disaster response period.[372] Their audit observed instances where FEMA personnel provided incomplete and, at times, inaccurate information to Public Assistance applicants regarding Federal procurement standards.[373] The audit further noted that similar instances have been occurring for several years.[374] The DHS-OIG noted that although the State is responsible for its applicants' compliance with Federal contracting regulations and guidelines, FEMA staff members also need to make sure they are not disseminating incomplete or inaccurate information to applicants.[375] As a result, the report recommends FEMA to "provide training to FEMA Joint Field Office Public Assistance and Office of the Chief Counsel staff on Federal procurement standards to ensure FEMA provides complete and accurate guidance to applicants consistent with 44 CFR 13.36 and 2 CFR 215.40 through 48. "[376]

FEMA's Efforts

According to FEMA, they have ongoing efforts to better ensure that a larger percentage of technical specialists are deployed, and the right specialties are assigned only when needed and for the proper duration.[377] One of the outputs of their workforce planning tool is to establish a framework for training the workforce based on the FEMA Qualification System (FQS).[378] According to FEMA, these tools will provide the agency with an improved ability to plan and more efficiently align the personnel, equipment, and training costs for their entire Agency workforce.[379]

One example of FEMA's efforts to build a better disaster management nationally includes the establishment during 2014 of the National Emergency Management (EM) Leaders Academy.[380] The Leaders Academy is designed for current and emerging leaders with at least 3 years' experience in the emergency management community of practice.[381] The training audience includes government,

[370] Ibid.
[371] Department of Homeland Security, Office of Inspector General, *FEMA's Dissemination of Procurement Advice Early in Disaster Response Periods*, OIG-14-46-D, Washington, D.C.; Feb. 28, 2014.
[372] Ibid.
[373] Ibid.
[374] Department of Homeland Security, Office of Inspector General, *FEMA's Dissemination of Procurement Advice Early in Disaster Response Periods*, OIG-14-46-D, Washington, D.C.; Feb. 28, 2014.
[375] Ibid.
[376] Department of Homeland Security, Office of Inspector General, *FEMA's Dissemination of Procurement Advice Early in Disaster Response Periods*, OIG-14-46-D, Washington, D.C.; Feb. 28, 2014.
[377] Federal Emergency Management Agency, FEMA Disaster Workforce Model: Senate Staff Briefing, June 3, 2014.
[378] Ibid.
[379] Ibid.
[380] Federal Emergency Management Agency, National Emergency Training Center, *National Emergency Management (EM) Leaders Academy*, Bulletin No. 1059, May 6, 2014.
[381] Ibid.

non-profit voluntary organizations, and private sector leaders responsible for emergency management or homeland security.[382]

Recommendations
We recommend that FEMA further improve its workforce training to enhance their skills and abilities, especially in the area of project management best practices. As stated earlier, we believe that improved training for both FEMA's workforce and disaster grantees and subgrantees –as well as those private sector contractors who locals hire to support their recovery efforts - are critical to reducing these costs in future disasters.

Further, FEMA should examine and report to Congress on ways to ensure that the credentialing and qualifications standards that they are requiring of their own workforce are being matched by their counterparts at the grantee (state) and eligible subgrantee level (ie. local government, community nonprofits) and those private contractors who provide disaster recovery and mitigation project management services to these subgrantees.

Also, we recommend FEMA find ways to enhance its deployment planning process to further emphasize the need for deploying managers and workforce who have the experience working in those states with remote populations with limited transportation options and seasonal rebuilding challenges.

[382] Ibid.

APPENDIX 1: Recommendations

Areas of Potential Costs Savings

We have reviewed past work from the Government Accountability Office (GAO) and Department of Homeland Security's Office of Inspector General (DHS-OIG). A number of these audits have identified specific costs that their research identified as "ineligible" or "questioned." Below are some areas that we believe, with greater focus, could yield cost savings and reductions in waste:

Need for Improvements in FEMA Disaster Recovery Grant Spending: The DHS-OIG has documented the ongoing problems with the management of disaster recovery spending, including accounting, ineligible and unsupported costs, and noncompliance with Federal contracting requirements.[383] The DHS-OIG reported around $1.36 billion in such findings between fiscal years 2009 and 2013.[384]

Recommendation: We believe that improved training of both FEMA's workforce and disaster grantees and subgrantees –as well as those private sector contractors who locals hire to support their recovery efforts - are critical to reducing these costs in future disasters. FEMA also needs to improve its outreach tools to states which play a critical role in disaster grant management.

Improper Payments: The DHS-OIG's audits have identified almost $276 million of ineligible disaster recovery spending for fiscal years 2009 through 2013.[385]

Recommendation: FEMA needs to ensure its disaster workforce is properly trained as well prioritizing this issue within its policies. Further, FEMA should include in its measures of improper payment error rates to those categories of ineligible expenses identified by DHS-OIG audits.

Closing Out Old Disasters: There are currently 40 open disasters that are over 10 years old and represent tens of millions in unliquidated obligations to disasters going as far back as 1994.[386] And, for example, twelve of these disasters had been declared during or prior to 1999, accounting for almost $60 million in yet unspent funds.[387] According to the DHS-OIG, funds obligated for disasters but not needed by FEMA grantees are not deobligated and released for other uses, and FEMA has incurred additional administrative costs.[388] In addition, there is little compliance with existing laws that limit the time on recovery spending, according to the DHS-OIG.

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383 Ibid.
384 Ibid.
385 U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, , OIG-14-102-D, Washington, D.C.; June 10, 2014; OIG-13-90 *FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*OIG-13-90, Washington, D.C.; May 2013; *Capping Report: FY 2011FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April 13, 2012; *Capping Report: FY 2010 FEMA Public Assistance Grant and Subgrant Audits,* DD-11-17, Washington, D.C.; Aug. 23, 2011; and *Capping Report. FY 2009 Public Assistance Grant and Subgrant Audits,* DS-11-01, Washington, D.C.; Dec. 2, 2010.
386 FEMA Disaster Declarations Summary - Open Government Dataset: http://www.fema.gov/media-library/assets/documents/28318?id=6292 Note: The 9/11 attack in New York, New York is also a disaster that is over 10 years old and represents $805 million of the total of unliquidated obligations, but due to the unique nature of many of the recovery and mitigation projects, we have excluded it from our analysis.
387 Ibid.
388 U.S. Department of Homeland Security, Office of the Inspector General, *Opportunities to Improve FEMA's Disaster Closeout Process* OIG-10-49, Washington, D.C.; Jan. 2010.

Recommendation: We recommend that FEMA identify incentives to close out old disasters in order to minimize the administrative costs of keeping these open. Such incentivizes should include enforcing compliance with existing laws that aims to limit the length of time a disaster can remain open.

We are encouraged that the DHS-OIG has planned work to review the currently open disasters to determine how many projects are open and can be closed based on FEMA policy. To support this Subcommittee's oversight efforts, we would benefit that this audit includes detailed information on the unliquidated obligation balances of open projects and other detailed information to augment our understanding of the extent that certain disasters—or specific projects or activities within this inventory of open disasters—can be closed out in a timely manner so that unliquidated obligations are returned to the disaster relief fund.

Improve Enforcement of 'Obtain and Maintain' Insurance Requirements: FEMA's information technology (IT) systems may limit the enforcement of statutory requirements to ensure that properties that received disaster relief now have insurance.[389] For example, the DHS-OIG's reviews of its disaster recovery identified $115 million in ineligible costs in its audits of fiscal year 2013 and 2011 disaster spending. [390]

Recommendation: We are concerned with the lack of progress made in addressing the issues first identified in 2001 and believes allowing compliance issues to continue contributes to ongoing inefficiencies. Further, we recognize that implementing this Stafford Act provision can be best accomplished through an effective partnership between FEMA and the States, which may identify additional implementation issues that this Subcommittee may need to consider. We recognize FEMA's efforts to improve its policy and tracking system, but believe these early efforts need to be significantly enhanced.

DHS-OIG's Life-Cycle Audits

The DHS-OIG also recognized this state/local recovery capability problem and is moving toward a 'Life-Cycle audit approach' to better identify the source of problems and more targeted solutions.[391] We support this effort between FEMA and the DHS-OIG to fix potential issues on the front-end of the disaster grant process. The DHS-OIG is working with FEMA and expanding their audit efforts on prevention and monitoring, including advising States, locals, tribes, etc., on proper contracting and financial management controls.[392] According to the DHS-OIG, their office will perform 4 types of audits:

[389] See: Department of Homeland Security, Office of Inspector General, *FEMA's Process for Tracking Public Assistance Insurance Requirements,* OIG-12-18, Washington, D.C.; Dec. 16, 2011. This report notes that that implementing regulations concerning this Stafford Act provision are in the Code of Federal Regulations (C.F.R.) Title 44, Part 206.

[390] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-14-102-D, Washington, D.C. June 10, 2014; and *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits*, OIG-12-74, Washington, D.C.; April, 13, 2012.

[391] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by the Department of Homeland Security's Office of Inspector General, April 28, 2014.

[392] Ibid.

- Deployment audits to monitor FEMA's immediate disaster response efforts
- Capacity audits to assess financial management infrastructure such as internal controls and procurement processes grantees/subgrantees (i.e.: State, local, tribal, etc.).
- Early-warning audits for early-detection of non-compliance with FEMA and Federal policies
- Close-out/completion audits, which are the DHS-OIG's current process of after-the-fact reviews of grantee and subgrantee spending.[393]

FEMA's Need for Increasing Transparency

In addition to the body of audits and research that have quantified possible financial savings or cost avoidance in FEMA's disaster recovery business operations and programs, there are also several recurring issues of FEMA performance and program efficiency that have non-financial implications, or potential financial implications in the future.

IT Management: FEMA's Information technology (IT) systems play an integral role in helping FEMA fulfill its mission, but challenges exist. For example, the DHS-OIG released a 2011 report finding that the agency's IT systems did not effectively support disaster response activities.[394]

Recommendation: We encourage FEMA to prioritize its IT improvements as its systems play an integral role in FEMA's mission success. Having the requisite data is essential for planning purposes. Further, GAO is planning a review of FEMA's IT systems conformance to provisions under the Post-Katrina Act. This GAO review should consider assessing the data quality and reliability in order to efficiently and effectively support disaster management operations.

Increasing Administrative Costs: FEMA's average administrative costs incurred under the Disaster Relief Fund have doubled, and administrative cost frequently exceeded FEMA's suggested targets. GAO reported that FEMA's average administrative costs doubled from 9 to 18 percent during fiscal years 1989-2011, and these administrative cost percentages frequently exceeded FEMA's suggested targets.[395] For example, for small disaster declarations (total obligations of less than $50 million), the target range for administrative costs is 12 percent to 20 percent.[396] According to GAO, four out of every ten had administrative costs that exceeded 20 percent.[397]

Recommendation: We recognize FEMA's efforts to further emphasize project management spend plans, and encourage additional quality management best practices be put into use throughout the entire life of an open disaster. We believe that FEMA could find additional cost efficiencies by identifying the significant differences between planned project performance and costs versus ongoing project performance and costs, as GAO's 2012 report concluded.[398]

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[393] Ibid.
[394] Department of Homeland Security, Office of Inspector General, *The Federal Emergency Management Agency Faces Challenges in Modernizing Information* Technology, OIG-11-69, Washington, D.C.; Apr. 2011.
[395] U.S. GAO, *Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own*, GAO-12-838, Washington, D.C.; Sept. 12, 2012.
[396] Ibid. GAO noted that they analyzed 409 small- sized declarations.
[397] Ibid.
[398] Ibid.

Need for Increased Transparency in Tracking Disaster Spending: A November 2013 Subcommittee hearing held on Superstorm Sandy recovery found multiple areas for improved tracking and analyzing of disaster spending.[399] The development of a platform for the sharing of data between FEMA, SBA, and HUD could facilitate the development of funds to address unmet needs in a more swift and efficient manner.

Recommendations: FEMA needs to continue to work with its partner agencies (such as SBA, HHS, HUD, etc.) and the Recovery Board to identify additional transparency in its contracts and acquisition spending to both Congress and the public. One potential fix is to have FEMA consider ways to better leverage existing data that track both the applicants and properties that are at the highest risk. This should involve breaking down "information silos" within FEMA that prevent information from being shared across the agency to entities tasked with assisting the public. This may significantly reduce costs in the short term, and also reduce long-term spending by identifying properties that incur the highest recurring losses.

We recommend that FEMA recognizes their ability to use the historical disaster recovery data the agency has collected should be a next-generation asset. This should be an effective tool for planning and managing future disaster recovery operations such as, predicting the extent of communities' needs for FEMA's Individual Assistance (IA) and/or Public Assistance (PA) programs, and the needed staffing to do a certain jobs, thus this is an opportunity for FEMA to capture greater efficiency and improve performance. Using this past data more effectively can potentially save the Agency taxpayer money in helping improve their planning efforts and make data-driven decisions.

We have observed that the DHS OIG does not currently have a data system that provides either Congress or the general public with accurate records on the status of the implementation of open recommendations.[400] For Congress to comprehensively perform its oversight functions it is important that congressional subcommittees such as this one can monitor the results of DHS OIG audit recommendations to verify that the recommended actions are being taken and, to the extent possible, that the desired results are being achieved. Moreover, we view an agency's accountability and quality management as a larger system that relies on internal and external stakeholders contribute both directly and indirectly to ensure that FEMA's products and services are efficient and effective.[401]

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[399] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs Subcommittee hearing: *'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Nov. 6, 2013.

[400] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing by the Department of Homeland Security's Office of Inspector General, May 29, 2014.

[401] The general research on total quality management recognizes a "three-spheres" approach that encompasses quality management, quality assurance, and quality control. For additional examples see https://services.online.missouri.edu/exec/data/courses/2392/public/lesson01/lesson01.aspx; or FEMA, Risk MAP program Quality Assurance Management Plan process, http://www.fema.gov/risk-mapping-assessment-planning.

Data Sharing: In September 2013, FEMA released a secure data sharing policy which seeks to enhance the delivery of federal and non-federal assistance to disaster survivors.[402] While we recognize that sharing data across service delivery partners (State, Tribal, local, and certain other quasi-governmental entities) is a necessary mechanism in the critical objective of preventing fraud, waste, and abuse; we are concerned with civil liberty protections of disaster survivors.[403] We are concerned that current policy and procedures do not provide disaster survivors with a complete understanding of the ways in which their personal data could be used and shared.

Recommendation: We believe that FEMA should immediately provide an option for disaster survivors to opt-out of their data being shared with organizations and entities beyond those clearly identified in the Stafford Act section 408(f)(2). In addition, FEMA should provide clear guidelines to the public on how the information is being distributed to the third-party entities.

Disaster Recovery Policies And Guidance: The "50 percent rule" Case Study: The DHS-OIG's May 2013 report found that FEMA misapplied the '50 Percent Rule' to determine project eligibility for replacement of damaged facilities.[404] The 50 Percent Rule states that a facility is generally eligible for replacement when the estimated repair cost exceeds 50 percent of the estimated replacement cost.[405] The complexities of applying the 50 Percent Rule and a lack of adequate policies and procedures lead to incorrect decisions that cost FEMA millions of dollars[406]. FEMA has analyzed the DHS-OIG's audits and findings to identify a number of root causes for these cost estimates. According to FEMA officials, they estimate a completed draft policy in 2014 that will be available for leadership review.[407]

Recommendation: FEMA should explore the possibility of additional quality management steps such as preapproving project plans where possible. We believe that this could enhance the readiness of the rebuilding effort so that when a disaster occurs, the available mitigation funding may be dispersed more quickly to pre-approved projects. This step could reduce administrative and planning costs for jurisdictions, expedite the flow of mitigation funding after a disaster, and ultimately reduce the workload on FEMA personnel in the period after a disaster occurs.

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[402] Federal Emergency Management Agency, Recovery Policy 9420.1. *Secure Data Sharing,* Washington, D.C.; Sep. 9, 2013.

[403] According to FEMA Recovery Policy 9420.1, 'Trusted Partners' is defined as: Any governmental or non-governmental entity described and defined in Routine Uses (H), CT), or, in certain instances, (F) of the Disaster Recovery Assistance System of Records Notice. This policy breaks down Trusted Partners into the following groups: a) Other Federal Agencies, b) State and Tribal government, c) Local governments and Voluntary Organizations, d) Utility Companies, Hospitals, and Health Care Providers, e) Voluntary organizations able to provide durable medical equipment or assistive technology, f) Other entities able to provide durable medical equipment or assistive technology, and g) Private sector businesses that employ disaster survivors.

[404] U.S. Department of Homeland Security, Office of Inspector General, *Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits,* OIG-13-90, Washington, D.C.; May 2013.

[405] Ibid.

[406] Ibid.

[407] Senate Homeland Security and Governmental Affairs Subcommittee on Disaster Recovery and Intergovernmental Affairs, briefing from FEMA officials, May 8, 2014; site visits and interviews per November 6th EMDC Subcommittee hearing: *'One Year Later: Examining the Ongoing Recovery from Hurricane Sandy,'* Washington, D.C.; Oct. 31, 2013.

In addition, we encourage FEMA to further review and streamline all its policies and guidance. Further, as FEMA goes through its reviews, it needs to coordinate these revisions in concert with training program develop needs, as well as coordinate these revisions in concert with the development of grantee/subgrantee outreach strategies and program.

Need to Improve FEMA's Workforce

Since customer focus is critical to FEMA's mission, the agency's workforce is its greatest asset in working with disaster survivors, all levels of government, and the private and nonprofit sectors. Yet challenges exists which can result in misspent and wasteful spending and a slower recovery. Employing and empowering staff that lack necessary qualifications and training can result in inconsistent application of FEMA's recovery policies. For example, FEMA's workforce has historically received mixed grades in managing response and recovery efforts, and these complaints were still heard in recent disasters like Superstorm Sandy and in Galena, AK.

Recommendations: We recommend that FEMA further improve its workforce training to enhance their skills and abilities, especially in the area of project management best practices. As stated earlier, we believe that improved training for both FEMA's workforce and disaster grantees and subgrantees –as well as those private sector contractors who locals hire to support their recovery efforts - are critical to reducing these costs in future disasters.

Further, FEMA should examine and report to Congress on ways to ensure that the credentialing and qualifications standards that they are requiring of their own workforce are being matched by their counterparts at the grantee (state) and eligible subgrantee level (ie. local government, community nonprofits) and those private contractors who provide disaster recovery and mitigation project management services to these subgrantees.

Also, we recommend FEMA find ways to enhance its deployment planning process to further emphasize the need for deploying managers and workforce who have the experience working in those states with remote populations with limited transportation options and seasonal rebuilding challenges.

Appendix II– Methodology

To perform this analysis, we focused on the period since the enactment and reorganization of roles and responsibilities under the Post-Katrina Emergency Management Reform Act.[408] We reviewed congressional oversight efforts such as hearing and appropriations reports, as well as reports and audits by GAO, DHS-OIG, CRS, Recovery Act Board, and the Council of the Inspectors General on Integrity and Efficiency. Specifically:

- Congressional hearings and congressional oversight and appropriations reports,
- GAO, DHS-OIG, CRS, Recovery Act Board, and the Council of the Inspectors General on Integrity and Efficiency
- Interviews with subject-matter experts in disaster management and FEMA programs
- Reviewed and analyzed research on efficiency and performance from organizations such as IBM Center for Business of Government, Project On Government Oversight, Project Management Institute, Governing Institute, Homeland Security Studies and Analysis Institute, Center for Effective Government, (formerly OMB Watch) Taxpayers for Common Sense, Mercatus Center.

In addition, we interviewed with subject-matter experts in disaster management and FEMA programs. We also interviewed FEMA officials and requested current documentation in order to capture the most recent status of FEMA efforts in addressing the issues and audit recommendations identified in this review. The FEMA officials that we met with as part of this effort include: Office of the Chief Financial Officer; Response and Recovery Directorate; the Office of Chief Information Officer/Mission Support Bureau; Protection and National Preparedness Directorate's Policy, Program Analysis, and International Affairs office.

[408] P.L. 109-295.

U.S. Senate Committee on Homeland Security and Governmental Affairs

The **Committee on Homeland Security and Governmental Affairs** is the Senate's primary oversight committee with broad jurisdiction over government operations generally and the Department of Homeland Security in particular.[409] Its primary responsibilities are to study the efficiency, economy, and effectiveness of all agencies and departments of the federal government; evaluate the effects of laws enacted to reorganize the legislative and executive branches of government; and study the intergovernmental relationships between the U.S. and states and municipalities, and between the U.S. and international organizations of which the U.S. is a member. The year after passage of the Homeland Security Act of 2002, the Committee's name changed from the Governmental Affairs Committee to the Homeland Security and Governmental Affairs Committee as its jurisdiction expanded to include homeland security issues. The Committee now oversees and receives legislation, messages, petitions, and memorials on all matters relating to the Department of Homeland Security, except for appropriations, the Coast Guard, the Transportation Security Administration, immigration, customs revenue, commercial operations, and trade.[410]

The Homeland Security and Governmental Affairs Committee have four subcommittees: Emergency Management, Intergovernmental Relations and the District of Columbia (EMDC); Permanent Subcommittee on Investigations (PSI); Financial and Contracting Oversight (FCO); and the Efficiency and Effectiveness of Federal Programs and the Federal Workforce (FPFW)[411]

The **Subcommittee on Emergency Management, Intergovernmental Affairs, and the District of Columbia** (EMDC) focuses on emergency management, disaster relief and issues relating to the oversight of the District of Columbia.[412] This Subcommittee is responsible for oversight of FEMA and all of its emergency management responsibilities, including preparation for, response to, recovery from and mitigation against natural and man-made disasters. The Subcommittee also reviews the administration of post-disaster relief funds and oversight of financial assistance programs, like homeland security grants. In addition to these responsibilities, this Subcommittee oversees the interrelationship between the Department of Homeland Security and states, localities and first responders in preventing and responding to natural disasters, terrorism, and other man-made disasters. The Subcommittee is also responsible for all matters regarding the oversight of the District of Columbia, including the District court system.[413] The Emergency Management, Intergovernmental Affairs, and the District of Columbia subcommittee became a full subcommittee in the 113th Congress. In prior Congresses, this Subcommittee's predecessors were organized as 'ad hoc' subcommittees, the Ad Hoc Subcommittee on Disaster Recovery and Intergovernmental Affairs,[414] and the Ad Hoc Subcommittee on Disaster Recovery,[415] respectively.

Mark Begich, Chairman   Rand Paul, Ranking Member

[409] U.S. Senate Committee on Homeland Security and Governmental Affairs; see: http://www.hsgac.senate.gov/about/jurisdiction
[410] Ibid.
[411] Ibid.
[412] Subcommittee on Emergency Management, Intergovernmental Affairs, and the District of Columbia; see: http://www.hsgac.senate.gov/subcommittees/emdc/about
[413] Ibid.
[414] http://www.hsgac.senate.gov/subcommittees/disaster-recovery-and-intergovernmental-affairs/about
[415] U.S. Senate, Ad Hoc Subcommittee on Disaster Recovery, Committee on Homeland Security and Governmental Affairs, *Far From Home: Deficiencies in Federal disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement*, 111th Congress, 1st Session, S. Prt. 111-7, Washington, D.C.; Feb. 2009.