

**Statement for the Record
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“Improving Federal Program Management, Government Information”

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Introduction

Chairman Carper, Ranking Member McCain and Members of the Subcommittee, I am honored to provide testimony today on how we are working to instill a culture of results-oriented management at FEMA.

As the recent report of the Government Accountability Office (GAO), *Results-Oriented Management: Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*, demonstrates, results-oriented management is not about developing metrics for the sake of developing metrics. In the current economic environment, more than ever, we owe it to the American public to tell them where their dollars are going and how those dollars are being effectively used.

As I mentioned at my first address to all FEMA employees, I want to produce measurable outcomes. I want to know what impact our contributions on behalf of a State or locality actually have on an affected community or region, and not just how many people or materials we delivered to points on a map. While those numbers are certainly important, they don't tell the whole story. My goal is to deliver consistently substantive and excellent emergency management *outcomes*, not simply a statistically polished report on process that loses sight of the intent of performance metrics.

FEMA's Efforts to Improve Outcomes

So what does results-oriented management really mean?

It means that FEMA will develop meaningful metrics that do not merely measure the processes that support disaster response and short-term recovery, but will further measure the actual *outcomes* of our disaster response and recovery programs. We are under no illusions about how difficult this task will be. It's easy to measure a process, but it is quite another thing to measure how that process has positively impacted a family or a community.

Secretary Napolitano and I are leading an effort to expedite the identification of these outcome-based measurements at FEMA. For instance, one metric that we are considering is measuring the work of Joint Field Offices (JFOs) – the federal multiagency coordination centers created to oversee recovery efforts following a federally declared disaster. The metric would describe how quickly we put disaster money in the hands of the survivors and local governments, with the intent of creating an outcome of more timely restored homes and jobs. With more expeditious assistance, we will be able to close the JFO and turn any remaining projects over to the appropriate FEMA regional office.

More broadly, my vision is to establish an outcome-based management and accountability tool within FEMA. I want each FEMA directorate and every regional office to have innovative goals and plans that will focus on how to make our programs

even more effective. Our regions not only represent diverse geographical areas, they are charged with maintaining and delivering the core mission of FEMA. Accordingly, I plan to work to ensure that all FEMA Regions move expeditiously to implement plans and goals that address their states' unique geographic and demographic needs.

Thankfully, we have a foundation of work to build upon. As required by the Government Performance and Results Act (GPRA), FEMA has already started to develop outcome-based metrics and, as we move forward, we will build upon this work to establish even more tools that can be used to measure the effectiveness of our programs. Our plan of attack includes a number of measures, outlined below, that address the recommendations of the GAO report.

I. Prioritizing Strategic Goals

FEMA will focus first on outcomes for those strategic goals that we deem most critical for the Agency's core mission and operations. FEMA's Strategic Plan includes a Performance Addendum that highlights 19 "initial" baseline measures reported in the FY09 Department of Homeland Security's Annual Performance Report. FEMA analyzed the measures using a cascading goals methodology to align measures to the Agency's strategic goals and objectives, and identify potential gaps in coverage across the Agency's five mission areas: Preparedness, Protection, Response, Recovery, and Mitigation. The measures support FEMA's mission: *"To support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards."*

FEMA is conducting further analyses to identify possible shortfalls in implementing the Strategic Plan, and is developing and refining additional measures to address newly identified issues and gaps. In addition, FEMA will continue to assess its programs and recalibrate associated measures, thus ensuring program effectiveness and support in implementing the Agency's Strategic Plan.

FEMA has ten Regional Offices, which are FEMA's principal interface for building state and local disaster response capability. The Agency is continuing to develop Regional Strategic Plans and performance measures that align with Agency-wide goals and objectives. We continue to move toward giving Regional Administrators greater authority for day-to-day management, as we can best achieve accountability and responsiveness by empowering our Regions and leveraging their regional structure capabilities.

II. Performance Review Coordination and Linking Measurement Outcomes to Resource Allocation Decisions

To develop Agency-wide and program performance goals and measures, FEMA will conduct frequent, regular performance review meetings involving managers from different organizational levels in the Agency.

In accordance with Executive Order 13450 (November 13, 2007), Improving Government Performance, FEMA appointed a career member of the Senior Executive Service (SES) as the Performance Improvement Officer (PIO). The executive order strengthens existing laws and mechanisms for measuring performance, such as the Government Performance and Results Act.

The FEMA PIO attends the Department of Homeland Security quarterly Performance Improvement Council (PIC) meetings to report on the status of FEMA's ongoing efforts to improve our outcome-based measurement systems. FEMA established its own PIC this past spring. The FEMA PIC meets monthly to address and coordinate all aspects of program performance management to improve programmatic outcomes, share best practices, and analyze existing measures to ensure they meet the elements of a SMART measure; i.e., one that is Specific, Measureable, Actionable, Relevant and Timely. FEMA's PIC recently provided performance measurement training to all FEMA directorates and offices to enhance their knowledge and competence as the agency continues to strengthen focus on budget-performance integration.

In FY10, the PIC will provide FEMA's Investment Working Group (IWG) with data-driven results that will allow for more informed resource decisions for spending taxpayer dollars. The IWG is working toward improving the usefulness of performance metrics and data to better meet FEMA management's decision-making needs. The IWG is made up of budget analysts and senior representatives from across the agency, and serves as the intra-agency body responsible for increasing the visibility of effective FEMA initiatives and programs, encouraging discussion of programmatic resource needs, developing investment recommendations and assisting in implementation of resourcing decisions.

The FEMA Quarterly Review will link the performance aspects of the PIC with the resource component of the IWG. FEMA's budget spreads dollars across a number of activities, known as "Things You Do" (TYD). Starting next month, each FEMA program will start measuring their TYDs. For each of these activities, we have mandated that programs develop at least one measure, so that by April 2010 they will be able to demonstrate a first step toward budget-to-performance integration. FEMA's IWG will conduct quarterly budget and performance reviews that show, side-by-side, dollars spent and performance achieved for those resources (TYDs). The goal of this effort is to more effectively manage resource adjustments.

Traditionally, when a budget decrease is imposed, the response is to cut funding from common discretionary areas; for example, training and/or travel. However, with this activity-based approach, FEMA will be able to, over time, quantify what a budget decrease in a particular activity will mean in terms of performance. For example, were we to cut MERS (Mobile Emergency Response System) TYD funding by 10 percent, the operational impact would be that it would take an average 12-18 additional hours for detachments to arrive at the scene of a disaster. An activity-based approach will allow

decision makers to better assess the impact of funding decisions and carefully balance outcomes when having to make difficult choices in a declining budget environment.

III. Meaningful Performance Indicators

In its September 2009 report, the GAO commented that FEMA has “no consistent, reliable means of measuring preparedness.” For example, it noted that in one of FEMA’s National Preparedness Priorities – Expand Regional Collaboration – there is no current tool for measurement. Based on this observation, when FEMA sets performance and outcome measurements, we will ensure that we allow for better periodic performance “diagnostic checks” that gauge FEMA’s performance against the Agency’s strategic goals and objectives.

However, it should be noted that the GAO also cited the performance measurement used by FEMA’s mitigation team as a positive example. The Mitigation Directorate built trust among its managers and staff that their performance information would be used as an improvement tool, rather than as a punitive mechanism. By taking this approach, we avoid the common trap that many organizations fall into: setting safe, but less important, target goals to avoid being penalized. By contrast, we want our performance metrics to be real and meaningful, using performance measures to make decisions. For example, in fiscal year 2009 FEMA began the transition from Map Modernization, which focused on outcomes that fixed outdated or inaccurate maps, improved management infrastructure, changed mapping technologies and more effectively engaged stakeholders, to Risk MAP (Mapping, Assessment and Planning) that focused on collaborating with State, Local, and Tribal entities to develop outcomes that will help deliver quality data that increases public awareness and leads to action that reduces risk to life and property. Performance measurements in Risk MAP are tracked on a monthly basis during governance meetings, including Joint Program Reviews, to assess regional project status and headquarters control accounts. FEMA’s key goal for Risk MAP is to address gaps in flood hazard data to form a solid foundation for flood risk assessments, floodplain management, and actuarial soundness of the National Flood Insurance Program.

In addition to the Mitigation Directorate’s efforts, the Grant Programs Directorate (GPD) at FEMA has developed the Cost-to-Capability (C2C) Initiative to identify the information and develop the tools needed to effectively manage GPD’s portfolio of Federal preparedness grant programs. With the tools generated by the C2C Initiative, grantees will be able to maximize their local preparedness investment strategy with respect to the Nation’s Homeland Security priorities. By design, these tools will adapt to changes in the Nation’s Homeland Security Strategy, translating national priorities into a clear prioritization of capabilities-based investments that all levels of government can use. C2C tools will inform grantees’ use of limited grant funding and better measure how grants increase the capability of States and local communities to respond to all-hazards.

During summer 2009 FEMA released the “Grant Program Accomplishments Report: Summary of Initial Findings (FY03-07),” the first-ever study of how grantee spending builds target capabilities. GPD analyzed grantee data spanning the last five fiscal years from its core grant programs, which accounted for 64.8% of GPD’s preparedness grant portfolio from FY 2003 through 2007. To complete this study, GPD used a new analytical approach that sought to connect DHS preparedness policy to grantees’ use of their preparedness grant awards across a portfolio of grant programs.

By participating in several upcoming C2C pilots and focus group sessions, State and local grantees will have the opportunity to test and provide feedback on the core components of the C2C Initiative and to help shape further iterations of C2C tools. These tools will focus on supporting investment planning activities, such as streamlining grant applications and supporting grantees in allocating obligated funds across subgrantees and projects. Over time, C2C tools will evolve to support all phases of the grants management lifecycle from pre-award allocations through closeout and monitoring.

The enhanced C2C methodology will allow FEMA to better manage its portfolio of federal preparedness grant programs and support the needs of State and local grantees, and will enable grantees to quantify the outputs of preparedness grant programs, streamline grant application and reporting processes across grant programs, identify investment efficiencies across the preparedness grant portfolio, and facilitate investment allocation decisions.

Ultimately, the goal of the C2C Initiative is to provide a flexible tool, allowing grantees to manage anything from a relatively small portfolio of grants for a locality to a more complex portfolio across programs and subgrantees.

IV. Stakeholder Participation

To ensure that all perspectives are considered as we improve FEMA program management, we will consult with FEMA’s National Advisory Council, created by the Post Katrina Emergency Management Reform Act, and external stakeholders, such as intergovernmental/professional organizations and non-profit and private sector organizations. We will bring all of these stakeholders to the table for frequent, candid discussions of performance measures and outcomes to foster cooperation and accountability. In fact, one of my top priorities for FEMA is to build a more structured organization that will integrate the knowledge and resources of all of FEMA’s key partners. FEMA is committed to strengthening its ties to a range of external stakeholders – they are our partners, and we will collaborate closely with them on the development of performance measures and outcomes.

V. Performance Technology System

Finally, FEMA will develop a system to compile consistent, timely, valid, relevant, and credible complex data that can be integrated and readily accessible in a performance technology system. Personnel of course must be trained to use the information system.

FEMA is actively pursuing a well-integrated information technology system for performance information. Information technology systems must attribute specific performance results to discrete funding sources, because gains in performance are often the result of multiple funding sources over multiple years. Currently, FEMA is evaluating a new pilot budget–performance integration system, which will make high-level program and performance information readily available to senior managers.

Preliminary reports indicate the pilot system will help improve collaboration during the Planning, Programming, Budgeting and Execution process. The pilot has the ability to integrate with our current accounting system and share budget formulation and execution information efficiently across the organization, enabling easy collaboration and communication of a complete and standardized view of all budget information in order to gain a better picture of goals and objectives and their link to the strategic plan. An online system will assist in enforcing guidance and organizational rules and allow FEMA to manage spending plans through lining them up with actual expenditures.

FEMA is also in the development stage of a “performance module” that will track budget dollars at the Planned Program Activity, or PPA, level and the performance measures linked to that specific funding stream. The module will enable us to monitor a program’s progress using performance metrics and compare those metrics with the funding a program activity receives. We will therefore be able to generate a return on investment report that can be shared with our stakeholders.

Department of Homeland Security Efforts to Improve Outcomes

FEMA is coordinating with DHS and integrating its performance measures into the Department’s Congressionally-mandated Quadrennial Homeland Security Review (QHSR).

The Department of Homeland Security is conducting the first QHSR in order to determine the best path forward for DHS. This review of the national homeland security “enterprise” will guide the Department for the next four years as DHS develops the Nation’s homeland security policies, programs, and missions. The QHSR includes five principal study areas, based on the Secretary’s priorities for homeland security, including the priority of preparing for, responding to, and recovering from disasters. This study area is being managed by the FEMA Chief of Staff, and is examining each of the elements of an all-hazards emergency management system. Within the QHSR, FEMA is also involved in providing input in the overarching study area of “Maturing and Unifying DHS and the Homeland Security Enterprise,” with three more specific areas including: DHS Strategic Management; Homeland Security National Risk Assessment; and Homeland Security Planning and Capabilities. The Secretary views the QHSR as an opportunity for unprecedented collaboration with our stakeholders, and throughout the QHSR process, federal, state, local, tribal, voluntary agency, private sector, and non-profit stakeholders have been asked for their opinions and guidance on the future of the homeland security “enterprise.”

Conclusion

The idea of performance-based management is fairly straightforward. When we are spending taxpayers' dollars, measuring outcomes rather than merely processes should be the common sense approach. However, putting that idea into practice is often more difficult than it sounds. That is why I am pleased that we have a solid foundation of outcomes-based performance measurement that we will continue to build upon at FEMA.

As I have noted above, the agency is working hard to comply with the Government Performance and Results Act to ensure that all FEMA programs can be measured by how they impact families and communities. As Administrator, I intend to expand that effort. I look forward to working with our stakeholders, this subcommittee, and the entire Congress to develop the accountability and outcome-based measurement tools that our Agency needs to serve the American people. I am committed to seeing that FEMA is the best possible steward of the public safety *and* the public purse.

Thank you for the opportunity to provide testimony today. I am prepared to answer any questions that the Subcommittee may have.