STATEMENT

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BEFORE
THE

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SUBCOMMITTEE ON EMERGENCY MANAGEMENT, INTERGOVERNMENTAL RELATIONS, AND THE DISTRICT OF COLUMBIA
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"THE ROLE OF MITIGATION IN REDUCING FEDERAL EXPENDITURES FOR DISASTER RESPONSE"

Submitted
By

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Introduction

Chairman Begich, Ranking Member Paul and Members of the Subcommittee, I am David Miller, Associate Administrator for the Federal Insurance and Mitigation Administration (FIMA) at the Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA). I am grateful for the opportunity to be here today.

In this testimony, I will discuss FEMA's mitigation programs and how we educate, incentivize and fund state, local and tribal efforts to build stronger communities that collectively create a nation more resilient to an increasing number and intensity of hazards.

Mitigation[1] efforts support more rapid recovery from disasters and lessen the financial impact of disasters on the nation. Stringent building codes, flood-proofing requirements, earthquake design standards, wind-bracing requirements for new construction, and repair of existing buildings are all examples of mitigation in action.

FEMA has made significant strides in the last three years in the area of mitigation, bringing the larger mitigation community together around shared doctrine, partnering with state, local, tribal, and territorial governments and giving communities the funding, tools and information they need to make informed, data-driven decisions that minimize their risk.

This work was bolstered in 2011, with the release of Presidential Policy Directive 8 (PPD-8) on National Preparedness. This directive defined the mitigation mission area for the first time and required the development of national frameworks based on each mission area. As a direct result, FEMA released the National Mitigation Framework in May 2013. The Framework in turn established the Mitigation Framework Leadership Group (MitFLG). The MitFLG is a senior level group that works to coordinate national-level mitigation activities and implement policies in consultation with other federal agencies and state, local, tribal and territorial governments.

Federal, State, Local and Tribal Role in Mitigation

Most mitigation occurs at the local level, where communities apply a localized understanding of risks to effective planning and identify strategic mitigation options. Local and tribal governments are directly connected to community plans and goals and, in many cases, bring more precise understanding of local vulnerabilities to bear on risk reduction activity. State, tribal, territorial and local governments are responsible for the public safety, security, health and welfare of the

[1] As set forth in PPD-8, "mitigation" refers to those capabilities necessary to reduce loss of life and property by lessening the impact of disasters. Mitigation capabilities include, but are not limited to, community-wide risk reduction projects; efforts to improve the resilience of critical infrastructure and key resource lifelines; risk reduction for specific vulnerabilities from natural hazards or acts of terrorism; and initiatives to reduce future risks after a disaster has occurred.

people who live in their communities, while the federal government provides some of the tools and the funding they need to mitigate and create a safer environment for their citizens. With regard to grant funding, local and tribal governments are responsible for applying for funding, managing approved projects and maintaining records. States manage the overall mitigation program within the state, establishing funding priorities, and selecting projects for funding based on those priorities. FEMA oversees and manages the Hazard Mitigation Grant Program (HMGP), Pre-Disaster Mitigation (PDM) and Flood Mitigation Assistance Program (FMA) programs, establishing minimum criteria for project eligibility, providing technical assistance and reviewing projects selected and submitted by the state for eligibility.

National Flood Insurance Program

The National Flood Insurance Program (NFIP) serves as the foundation for national efforts to reduce the loss of life and property from flood. The program identifies areas with risk of flood, mitigates the long-term risks to people and property from the effects of flooding, and makes insurance against the risk of flood generally available in participating communities. The NFIP works closely in partnership with participating private insurance companies – commonly known as "Write Your Own" companies – to market, sell, administer and adjust claims for policyholders. By encouraging sound floodplain management efforts, the NFIP is estimated to save the nation $1.7 billion annually in avoided flood losses.

Building Codes

With regard to building codes, states and communities voluntarily adopt building codes based on their local needs and priorities. They often use consensus codes such as the International Codes, a family of building and fire safety codes that provide a set of coordinated, comprehensive and contemporary building and fire safety standards. Throughout the United States, code enforcement officials, architects, engineers, designers and building contractors work with a consistent set of requirements that, wherever adopted, lead to consistent code enforcement and higher quality construction. Despite the value of consensus codes and standards, their adoption from state to state varies. The most effective codes continue to be those that are up to date and enforced.

Last October, FEMA issued a the Report on Inclusion of Building Codes in National Flood Insurance Program to Congress to comply with Section 100235 of the Biggert-Waters Flood Insurance Reform Act of 2012, Pub. Law No. 112-141. The report describes the impact, effectiveness, and feasibility of including widely used and nationally recognized building codes as part of FEMA NFIP floodplain management criteria. FEMA found that approximately 70 percent of NFIP communities currently enforce building codes with flood provisions based on the model International Codes. Including building codes as part of the NFIP has the potential to reduce physical flood losses and other hazard losses, which in turn would positively affect the

local land use planning and regulatory climate. Insurance losses would be also reduced for the properties required to comply with building codes because those properties would sustain less damage.

Mitigation and Resilience

As part of FEMA's effort and its stated strategic priority to enable disaster risk reduction nationally, FEMA is leveraging its partnerships, programs, risk information and tools to catalyze efforts to advance risk-based decision making across the nation to enable risk reduction through mitigation. This effort will help to build community resilience through ensuring a common risk picture, better targeting of resources, and a collaborative national effort to build the capabilities that will best address targeted risk areas.

Focus areas to enable disaster risk reduction nationally include:

- Enabling greater risk-informed decision-making by improving the quality, accessibility and use of risk information and allowing for more data-driven decision making. For example: by updating flood hazard maps to include advisory base flood elevations when appropriate after a major flood event and the continued implementation of the Threat and Hazard Identification and Risk Assessment process. The Administration also recently launched climate.data.gov which will provide information that communities can use to better prepare for the impacts of climate change.

- Building the appropriate preparedness capabilities to address the identified risks through continued implementation of the National Preparedness System. For example: through the implementation of the National Mitigation Framework and National Disaster Recovery Framework, long-term disaster recovery planning, training and education, core capability development and sharing of lessons learned.

- Leading greater federal interagency collaboration around risk reduction and resilience, building upon the establishment of the MitFLG and implementing a consistent federal flood risk standard for federal funds in Hurricane Sandy rebuilding. For example: through the development of a Federal Flood Risk Reduction Standard under the President's *Climate Action Plan*.

- Unifying the Flood Mitigation Assistance, Repetitive Flood Claims and Severe Repetitive Loss grant programs under the FMA program, which helps FEMA deliver flood-related grants to states, local and tribal communities more effectively, while reducing future claims to the NFIP. These grants provide funding to states, federally-recognized tribal governments, and communities for the reduction and elimination of the long-term risk

flood damage poses. They provide funds on an annual basis so that measures can be taken to reduce or eliminate risk of flood damage to buildings insured under the NFIP. These measures include the acquisition and demolition of flood prone structures, the elevation of homes above expected flood levels and the construction of minor drainage projects to reduce the impact of storms.

- Integrating the Public Assistance and Hazard Mitigation Assistance (HMA) programs so they work together and concurrently, rather than consecutively, with public assistance funding being applied and used before HMA funding. The approach will better align funding and leads to better outcomes, while lowering the risk of projects losing momentum or being duplicated across program areas.

Encouraging Mitigation Throughout the Nation

FEMA helps thousands of communities and tens of thousands of individuals avoid the suffering and economic loss associated with disaster damage through encouraging the development of mitigation plans, funding mitigation activities, incentivizing sound floodplain management strategies and developing resources – such as maps – that inform risk.

FIMA's Community Education and Outreach Group also promotes effective hazard mitigation through community education, outreach, training and coordination with the public and private sectors. To achieve these goals, the Outreach Group provides advice to the public on hazard mitigation techniques and measures through Disaster Recovery Centers, other disaster assistance facilities, community meetings and special events.

In cooperation with the state, this group also promotes partnerships and trains local officials, the construction industry, and residential and commercial building owners. It also identifies, documents and disseminates best practices.

Encouraging the Development of Plans: Hazard Mitigation Planning

Mitigation plans are the foundation for effective hazard mitigation. A mitigation plan is a demonstration of the commitment of the whole community to reduce risks from natural hazards and serves as a strategic guide for decision makers as they commit resources.

The mitigation planning process includes hazard identification and risk assessment, which helps planners create a comprehensive mitigation strategy for reducing risks to life and property. The mitigation strategy section of the plan identifies a range of specific mitigation actions and projects being considered to reduce risks to new and existing buildings and infrastructure. This section includes an action plan describing how identified mitigation activities will be prioritized, implemented and administered.

FEMA's Hazard Mitigation Grants and Planning Group supports state, local and tribal participation in the Agency's mitigation programs by providing technical assistance as they develop multi-hazard mitigation plans.

FEMA also provides funds for communities to develop plans under the FEMA's HMA programs. These funds are provided to help state, tribal and local government with the resources they need to develop mitigation plans, which are required for receipt of Hazard Mitigation Grant funding.

Funding Communities: Grant Programs

FEMA's HMA programs provide funds for projects that reduce the risk to individuals and property from natural hazards. These programs enable mitigation measures to be implemented before, during and after disaster recovery. Local jurisdictions and tribes develop projects that reduce property damage from future disasters and submit grant applications to the state. The states submit applications to FEMA based on state criteria and available funding.
The HMA programs include:

- Pre-Disaster Mitigation Grants are designed to assist states, territories, tribes and local communities in the implementation of a sustained pre-disaster natural hazard mitigation program to reduce overall risk. The President's FY 2015 budget request includes $400 million for the Pre-Disaster Mitigation program in the Opportunity, Growth, and Security Initiative. These funds will help augment adaption planning by States, tribes and local communities and help them prepare for events such as wildfire, floods, and other disasters that could be exacerbated by climate change. This, combined with the $150 million in base funding for NFIP mitigation grants, represents an increase of $425 million over the 2014 spending level. These programs provide grants for eligible mitigation planning and projects that reduce disaster losses and protect life and property from future disaster damages, providing another option for applicants. This includes support for adaptation planning and pilot projects for cities and communities through hazard mitigation assistance, building on Administration efforts to implement the National Mitigation Framework. For mitigation funding provided through the Flood Insurance Program, this can include planning grants to prepare flood mitigation plans; cost-effective project grants to reduce flood losses; structure elevation; and retro-fitting of existing buildings. In FY 2013, FEMA's PDM programs helped local communities across the United States prepare for future disasters by obligating more than $31 million in mitigation grants. These measures are expected to result in losses avoided of approximately $93 million.

- The Hazard Mitigation Grant Program provides grants to implement long-term hazard mitigation measures after a major disaster declaration and to break the cycle of damage, rebuild and damage. Funding is available to implement projects in accordance with state, tribal and local priorities. Currently, FEMA is seeking public comment regarding administration of the HMGP and looks forward to using the public's input to inform the development of a new method of program delivery that may delegate certain program administration authority to States and tribes. Hazard Mitigation provides assistance for actions taken to prevent or reduce long-term risk to life and property from natural hazards. In FY 2013, more than $701 million in HMGP program funds were obligated, while in FY 2014, more than $362 million has been obligated thus far, resulting in more than an estimated $2 billion in losses avoided. To date, FEMA has obligated more than $8.5 billion to states and Indian Tribal Governments in HMGP funding. We continue to work with the applicants as they develop new applications and as they implement approved HMGP projects.

- The Flood Mitigation Assistance Grants program provides funding to reduce or eliminate risk of flood damage to buildings insured under the NFIP. Eligible applicants and/or sub-applicants for funding include state, local and tribal governments. FEMA offers three types of FMA grants, including: planning grants to prepare flood mitigation plans, project grants to implement measures to reduce flood losses – such as elevation, acquisition or relocation – of NFIP-insured structures and Management Cost Grants for the state to help administer the FMA program. Since 1996, FEMA has obligated more than $311 million in FMA funds for mitigation. The President's FY 2015 budget request includes $150 million for the FMA grants program.

These efforts have a beneficial impact at the community level. For example, in Alaska, FEMA has awarded approximately $2.7 million since 2013 in HMGP funding to acquire 11 homes in the City of Cordova; relocate 3 homes in Alakanuk; bolster warning systems in the City of Bethel; stabilize the embankment for the Alaskan Railroad and construct a new bridge; perform an avalanche study for Mt. Juneau; install seismic shut off valves on all fire stations in Anchorage; bury power lines in Anchorage; and relocate power lines in Kenai.

In Kentucky, FEMA has awarded more than $10 million in HMGP funding in 2014 to acquire 65 homes in Boyd, Clark, Fleming, Louisville, Lewis, McCracken, Pike and Union counties, as well as to build 12 safe rooms in Allen, Warren and Webster counties. This funding also helped improve draining systems in Hopkinsville, Cooper Park, and the City of Richmond; reconstruct road bridges in Grayson, Grundy and Marion Counties; and update the mitigation plans for the state, Louisville/Jefferson County and the University of Louisville.

The families in these homes have chosen to relocate, making way for open space that benefits these local communities and stops the cycle of damage, rebuild and damage through effective mitigation.

Incentivizing Communities: Community Rating System

The Community Rating System (CRS) is a program administered by FEMA that provides lower insurance premiums under the NFIP. Communities apply to participate in the CRS, and flood insurance policy holders of participating communities pay lower premium rates based on the implementation of floodplain management practices and other mitigation activities. Through the CRS, the cost of insurance is reduced where flood risk is reduced.

Communities earn CRS credit points toward their rating, and thus earn premium discounts. The CRS recognizes communities that:

- Require new buildings to be constructed above the base flood elevation;
- Develop flood risk data and maps that supplement the flood insurance study data provided by FEMA;
- Maintain flood plain areas as open space; and
- Educate the public on best practices

As communities strive to recover from major flooding events, many consider how to rebuild to ensure greater future resiliency. This was the case in the aftermath of Hurricane Sandy, as many New Jersey communities impacted by the storm used technical guidance provided by FEMA to rebuild better. This guidance described the CRS credit available to communities if they would require certain damaged buildings to be elevated well above the established base flood elevation. Sixteen jurisdictions in New Jersey are making these changes, exceeding minimum requirements, reducing the cost of their flood insurance and creating safer environments for their citizens.

In Alaska, six communities participate in CRS, including the Municipality of Anchorage, and the City of Seward, which are the most advanced CRS communities in the state. The Municipality of Anchorage earns a 20 percent flood insurance premium discount for 252 policyholders.
In Kentucky, 18 communities participate in CRS. Louisville-Jefferson County Metro Government has the most advanced CRS Class in the state, with 4,135 policy holders earning a 30 percent premium discount.

The CRS is currently seeing significant growth of inquiries about participation. In the last several years, approximately 40 communities have joined the CRS every year, with approximately 90 communities advancing in CRS Class annually.

In total, 1,296 communities participate in the CRS program, representing 67 percent of all NFIP flood insurance policies.

Educating Local Communities: Mapping Program

Mapping and identifying flood hazards enables informed, smart development and encourages communities to adopt and enforce minimum floodplain management regulations. These efforts minimize the financial impact of flooding on individuals and businesses, and mitigate the effects of flooding on new and improved structures.

To develop Flood Insurance Rate Maps (FIRMs), FEMA contracts with trusted, credible, experienced, credentialed and licensed engineering firms to map communities. To ensure that the maps incorporate the most current and accurate supporting data, FEMA engages state and local governments, the public broadly, professional engineers and licensed surveyors in all phases of map production, from data acquisition through flood hazard analyses, and ultimately to floodplain delineations. During the process of community input, FEMA encourages individuals and communities to provide their own data for FEMA's consideration. Finally, FEMA vets and publishes each individual map, and then each community follows its own established process to gather additional community input and formally adopt the maps at the local government level. In addition to having the opportunity to contribute to the development of these maps, FEMA also has a process in place for homeowners to address any concerns they have with these finalized maps, giving them the option to comment on and appeal them.

FEMA consistently releases new flood maps and data, giving communities across America access to helpful, authoritative data that they can use to make decisions about flood risk, enabling safer development and rebuilding following disasters.

These FIRMs are critical not just because they give communities the information they need to help avoid future risk, but because they also help set actuarially sound insurance rates. Thus, FEMA is committed to ensuring that FIRMs are both accurate and reflect current risk.

Value of Mitigation

The National Institute of Building Sciences' Multi-hazard Mitigation Council estimated that for every dollar invested in hazard mitigation, a savings of four dollars is achieved. Mitigation programs save the American public an estimated $3.4 billion annually through a strategic approach to natural hazard risk management, including the value of more stringent building codes.

Investments in mitigation also serve to buy down risk, meaning that making positive changes as part of a mitigation plan lessens the probability of risk. Additionally, mitigation contributes to creating a safer environment for citizens in which they are more likely to be safe and out of harm's way.

Looking Forward

Mitigation Framework Leadership Group

The National Mitigation Framework was released in May 2013 and established the MitFLG, a senior level group that works to coordinate national-level mitigation activities and implement policies with other federal agencies and state, local, tribal and territorial governments. More broadly, the MitFLG is focused on creating a national culture that embeds risk management and mitigation in all planning, decision making and development.

The MitFLG held its inaugural meeting in July 2013 and meets quarterly. The group is currently focused on:

- Inviting the first cohort of state, local, tribal and territorial members to serve two year terms in the Group.

- Acting on the President's Climate Action Plan, FEMA is working with federal agencies to evaluate their flood-risk reduction standards for federally funded projects to reflect a consistent approach that accounts for sea-level rise and other factors affecting flood risks.

- Following up on recommendations from the Hurricane Sandy Rebuilding Strategy, including: applying infrastructure resilience guidelines to all federal infrastructure investments and projects for Hurricane Sandy recovery; institutionalizing regional approaches to resilience planning in the National Disaster Recovery Framework and National Mitigation Framework; and encouraging states and localities to adopt/enforce the most current version of the International Building Code and International Residential Code.

Climate Adaptation

In support of the Executive Order 13563 – Preparing the United States for the Impacts of Climate Change, and the President's Climate Action Plan, FEMA plays a leading role in helping prepare the United States for the future impacts of climate change, including considering sea level rise, increasing intensity and duration of storms, changing drought and fire risks, and shifting threats to human health and disease patterns.

FEMA is working to incorporate climate change into our data collection, knowledge transfer and mitigation planning. The Agency uses the best available science to understand expected climate change impacts on natural hazards. As we work to reduce risk nationally and address both hazards and threats, FEMA also is working to integrate climate adaptation into its approach and to coordinate efforts across the federal government. Specifically, FEMA is integrating climate adaptation into the Agency's priorities by:

- Facilitating climate-resilient investments by building ways to demonstrate the applicability and cost effectiveness of specific risk reduction measures for climate adaptation;

- Developing actionable tools and data by providing innovative tools that help emergency managers and whole community partners effectively integrate future risk considerations into standard planning and decision-making processes.

- Advancing climate adaptation knowledge and capacity by disseminating best practices and establishing partnerships, pilot programs to test adaptation activities.

We are approaching all of these efforts with an awareness that understanding future risks is not enough – we must develop tools and resources that help communities take action to reduce these risks, support communities that are making changes and eliminate barriers to implementation – all while building the knowledge base of our emergency management community.

Conclusion

Successful mitigation efforts are a shared responsibility requiring the engagement of all levels of society and of government. Through its mitigation programs, FEMA educates, incentivizes and funds state, local, tribal, and territorial efforts to build stronger communities that collectively create a nation more resilient to an increasing number and intensity of hazards.

FEMA has made significant strides in the last three years in the area of mitigation, bringing the larger mitigation community together around shared doctrine, partnering with state, local, tribal, and territorial governments and giving communities the funding, tools and information they need to make informed, data-driven decisions that minimize their risk.

The Agency looks forward to working with Congress on implementing the Homeowner Flood Insurance Affordability Act of 2014.

Thank you for providing me with the opportunity to discuss these important efforts. I look forward to your questions.