

STATEMENT

OF

JOSEPH NIMMICH
ASSOCIATE ADMINISTRATOR
OFFICE OF RESPONSE AND RECOVERY
FEDERAL EMERGENCY MANAGEMENT AGENCY
U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE
THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON EMERGENCY MANAGEMENT, INTERGOVERNMENTAL
RELATIONS, AND THE DISTRICT OF COLUMBIA
U.S. SENATE
WASHINGTON, D.C.

**“THE PATH TO EFFICIENCY: MAKING FEMA MORE EFFECTIVE FOR
STREAMLINED DISASTER OPERATIONS”**

Submitted
By

Federal Emergency Management Agency
500 C Street, S.W.
Washington, D.C. 20472

July 24, 2014

Introduction

Good Afternoon Chairman Begich, Ranking Member Paul, and Members of the Subcommittee. My name is Joseph Nimmich, and I am the Associate Administrator for the Office of Response and Recovery (ORR) at the U.S. Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA).

Thank you for the opportunity to discuss FEMA's efforts to make our programs and processes efficient to ensure we continue to meet our critical mission. The Agency continues to assess and evaluate on a recurring basis its resource alignment and usage to ensure we are focused on those programs that have the most significant impact on the Agency's ability to fulfill its overall mission. FEMA leadership across the Agency supports Secretary Johnson's "Strengthening Departmental Unity of Effort" initiative by actively participating in DHS- and Agency-wide formal engagements, such as Program and Budget Reviews (PBRs), weekly forums to improve internal collaboration, and inclusive strategic assessment and planning to consider the important questions about FEMA performance and overall effectiveness and efficiency.

Moreover, FEMA will continue to build on its successful past efforts to streamline and enhance current business processes, while using smart and innovative technologies, to better maximize the delivery of services and the efficient and effective use of available resources to achieve its five priorities:

1. Be survivor-centric in mission and program delivery;
2. Become an expeditionary organization;
3. Posture and build capability for catastrophic disasters;
4. Enable disaster risk reduction nationally; and
5. Strengthen FEMA's organizational foundation to invest in our workforce, work smarter through data analytics, streamline business processes, and align strategy, budget execution and performance.

The focus of the fifth priority is to ensure a system that fully supports smart and good business practices, consistent with the authorities and responsibilities enacted by the Congress. In addition FEMA's priorities are framed and guided by two critical imperatives: undertaking a whole community approach to emergency management; and fostering innovation and learning, which further enhance overall mission effectiveness and program efficiencies across all of FEMA through collaborative efforts.

Strategic Planning and Resource Alignment

FEMA's senior leadership is focused on strengthening the connections among strategy, budget, execution and performance through a comprehensive resource management system. Through our PBR process, FEMA brings together these leaders, from its major programs and offices, to discuss and justify, in detail, how all available resources will be used to achieve our priorities.

Then FEMA conducts further assessments each fiscal quarter to assess and validate performance resources and identifies necessary changes to meet any gaps in mission execution. Through these efforts, FEMA identified and executed a number of organizational and programmatic changes to achieve overall efficiencies including: (a) consolidation of facilities within the National Capital Region (NCR) through workplace transformation; (b) strategically reducing non-disaster travel; (c) reducing the reliance on contracts through a more balanced workforce. These efficiencies have allowed FEMA to reinvest resources to maintain critical staffing levels and systems support.

Additionally, FEMA participates in the new DHS Secretary and Deputy Secretary-led senior leader forums and DHS's integrated program and budget review, and FEMA has a seat on the new DHS Joint Requirements Council to ensure we account for whole-of-Department priorities and considerations in our resource planning and execution.

Disaster Operations

FEMA has made several recent changes, many of them enabled by the authorities in the Sandy Recovery Improvement Act of 2013 (SRIA), that have reduced disaster management costs, improved the timing and execution of disaster services to better meet community needs and enhanced applicants' access to disaster grants.

Disaster Funds Management

FEMA implemented a number of changes to enhance disaster funds management, while also improving the delivery of disaster services. For example, through the development and use of new technology, disaster survivors are now able to get timely information and register for eligible benefits online, including via mobile devices.

Streamlining Processes

Through use of new authorities enacted under SRIA, FEMA is streamlining and enhancing the decision-making processes related to its Public Assistance and debris removal grants. This has led to a reduction in the administrative costs for the federal government as well as the applicants.

Increasing the Use of Virtual Joint Field Offices

FEMA continues to examine and update its policies on overall disaster operations including increasing the use of Virtual Joint Field Offices (JFOs). These Virtual JFOs are staffed by employees from FEMA's regional offices, who bring a thorough knowledge of state, local, and tribal dynamics to their work. This knowledge serves to better guide disaster applicants through the grant process and makes the overall process more effective.

Reducing Unspent Balances

Finally, FEMA implemented new funds management techniques to reduce large unspent balances. These techniques, including Strategic Funds Management, require spend plans for every disaster, timelier reviews and adjustments of mission assignments based on actual requirements, and prioritization of the close-out of previous disasters. These Disaster Spend Plans not only have informed and improved disaster planning and decision-making, but have also created a stronger partnership with states, tribes and localities.

Non-Stafford Events and National Disaster Recovery Framework Successes

Enhanced capability for recovery at the state, local, tribal and territorial level, along with well-organized federal support, is one of the most effective ways to increase the efficiency of disaster recovery. The National Disaster Recovery Framework (NDRF) describes roles and responsibilities and the capabilities needed across the whole community to lead, coordinate and support resolution of a wide range of challenges faced in recovering from disaster. It enables coordination and recovery planning at all levels of government before a disaster, and defines how we will work together, following a disaster, to best meet the recovery needs of individuals and communities.

The National Preparedness Goal established eight recovery core capabilities: Planning, Operational Coordination, Public Information, Housing, Economic, Health and Social Services, Infrastructure Systems, and Natural and Cultural Resources. These capabilities set more specific targets for the federal, state, local, tribal and territorial governments to address recovery from a whole community perspective, build new partnerships, and expand their planning horizons. These core capabilities are not exclusive to any single level of government or organization, but rather require the combined efforts of the whole community.

While Stafford Act assistance can address the key recovery and basic reconstruction needs after overwhelming events, other resources can also be used in non-Stafford events. The leadership, coordination structure, and partners needed to address these more holistic core capabilities in all manner of events requires a new approach – one espoused by the NDRF. States and localities have begun to take up this challenge.

The federal government has also been applying these core capabilities to better leverage resources already available across the federal family in a myriad of agencies. The six Recovery Support Functions outlined below, led by the Federal Disaster Recovery Coordinator (FDRC), comprise the federal coordination structure across the eight core capabilities and bring the full resources of the federal government.

- Community Planning and Capacity Building: Federal Emergency Management Agency
- Economic: U.S. Department of Commerce
- Health and Social Services: U.S. Department of Health and Human Services

- Housing: U.S. Department of Housing and Urban Development
- Infrastructure Systems: U.S. Army Corps of Engineers
- Natural and Cultural Resources: U.S. Department of Interior

Through application of the concepts and coordination under the NDRF, we are seeing increased efficiency and effectiveness as impacted communities are using a wider range of federal capabilities beyond what FEMA alone can provide. FEMA has begun developing a multi-year Regional All-Hazard Recovery planning effort to build more specific relationships and coordination expectations among the regional federal partners and their respective states. These plans will build further federal agency capability and involvement in recovery, but will also serve to increase states engagement with a wider range of potential recovery resources that may be applied after any event.

Role of Voluntary Organizations Active in Disaster

Non-governmental organizations, such as the National Voluntary Organizations Active in Disaster, the American Red Cross and the Heritage Preservation National Task Force are standing members of the Recovery Support Functions (RSFs) and provide support during both non-Stafford Act events and Stafford Act events.

Since June of this year, FEMA Headquarters and Regional FEMA Voluntary Agency Liaisons have been activated to support the ongoing efforts regarding the unaccompanied children issues and coordinating with voluntary organizations such as Catholic Charities, American Red Cross, and many other organizations who are providing case management and social service assistance to the children in need.

Non-Stafford Assistance Examples

The FDRC can play a key role in helping states manage non-Stafford Act events by offering consultation and facilitating engagement with partners. An FDRC can assist in identifying resources outside of FEMA available pre- or post- disaster. Federal presence, if warranted, is typically limited to technical assistance following non-Stafford Act events; however, a limited number of Federal agencies like the Small Business Administration (SBA) and the United States Department of Agriculture (USDA) maintain programs or authorities that can directly support the needs of impacted communities outside a Stafford Act declaration.

Several specific examples illustrate how the principles and approach espoused in the NDRF can be carried out in Non-Stafford Act events.

Harrisburg Illinois Tornadoes

On February 29, 2012, severe storms and tornadoes affected several counties in Illinois, damaging an estimated 440 homes in the City of Harrisburg. It was determined that the event did not exceed the capabilities of the State of Illinois, and a Stafford Act declaration was not

granted. However, FEMA Region V Recovery Coordination staff deployed to provide technical assistance in support of State efforts to apply NDRF principles and concepts to identify and coordinate recovery assistance around the needs and goals of the impacted communities. On April 2, 2012, the Governor's office announced that \$13 million in state assistance was available to support recovery needs in the impacted communities. This package was made up of reprioritized existing state and federal programs and block-grants. Following the announcement, state agency representatives met in the affected communities to outline programmatic requirements, coordinate assistance, and support the development of a unified local recovery plan.

National Drought Resilience Partnership

The recent collaboration between federal agencies, state and local governments, and nongovernmental organizations to improve community preparedness and resilience to drought demonstrates the usefulness and flexibility of the NDRF when applied to Non-Stafford Act events. The Framework concepts and principles have supported a coordinated national response to drought since 2012. This support continues to the present with the establishment of the National Drought Resilience Partnership.

The FEMA Region IX Federal Disaster Recovery Coordinator utilized existing authorities to facilitate broad federal involvement, manage state and federal collaborative efforts, and brought back guidance from the National Drought Resilience Partnership. In addition, the Regional Recovery Coordination staff worked with the Regional Interagency Steering Committee (RISC) to hold a drought panel discussion between Nevada, Arizona and California at the RISC meeting.

Moving Forward

As part of a concerted effort to capitalize on these events, FEMA is integrating three best practices into preparedness efforts and the development of additional national guidance.

- Identification of traditional and non-traditional federal, state and tribal non-Stafford Act programs that can be used to support the needs of impacted communities. States benefit from an understanding of the wider range of agencies and partners that have resources available. Specifically, an understanding of how block-grants and other available federal programs may apply to recovery is essential when considering potential resources.
- A scalable, flexible, and adaptable support structure is crucial. Coordination requirements for current and potential support should be considered to ensure that the structures established are appropriately scaled. Localities must have their own partnerships and ability to conduct outreach to assistance sources.
- Recovery requires more than programmatic resources. Technical assistance that is available from non-Stafford federal programs, as well as through a variety of state, non-governmental and non-profit organizations is key, especially when a state, tribal, or local government does not meet the criteria for Stafford Act assistance.

Workforce Management

FEMA's incident workforce must be appropriately staffed, trained, and equipped for rapid mobilization, deployment, and employment to provide expeditionary, survivor-centric support and to fulfill statutory requirements in the mitigation, response, and recovery mission areas of national preparedness. FEMA's workforce has one central goal – to ensure the Agency builds, sustains, and continuously improves its capability to prepare for, protect against, respond to, recover from, and mitigate all hazards. Managing our workforce well is vital to achieve this goal.

FEMACorps

In the past two years, FEMA has strengthened its disaster workforce through a partnership with the Corporation for National and Community Service's AmeriCorps National Civilian Community Corps, to train and deploy FEMACorps members at disasters, as well as support overall readiness and preparedness. FEMACorps has been a success both in terms of its mission results, and in terms of managing and reducing disaster costs. FEMACorps also has increased the reliability and diversity of the disaster workforce, promoted an ethic of service, and expanded education and economic opportunity for young people.

Cadre Management

FEMA has revamped its approach to cadre management by developing new governance mechanisms, policies, and clarified roles and responsibilities for the management and coordination of FEMA's operational cadres. FEMA's cadre management framework is designed to effectively maintain operational readiness on both the individual and collective level by drawing from five operating principles: Staffing Force Structure; Educating and Training Cadre Members; Qualifying Cadre Members; Equipping Cadre Members; and Performance Management.

FEMA Qualification System

FEMA developed and implemented a new FEMA Qualification System (FQS), consistent with the Post-Katrina Emergency Management Reform Act of 2006, as part of a multi-faceted transformation effort to ensure that the Agency's incident workforce is credentialed and qualified. FQS establishes for all workforce positions minimum, consistent qualification standards, which FEMA employees achieve through experience, training, and demonstrated performance. FEMA regularly reviews and updates FQS based on changes to Agency policies and procedures.

Deployment

FEMA deploys personnel based on requests submitted from an affected state, tribe or territory. FEMA is developing operational plans to serve as templates for future disasters. These templates, which are called force packages, will be customizable according to the needs and

requirements of the impacted state, local, tribal and territory. This approach allows FEMA to deploy in a targeted manner, thus ensuring efficient use of the personnel and resources, and ensuring the Federal Coordinating Officer (FCO) can focus on the unique tasks and personnel requirements of disaster management.

FEMA will incorporate detailed analysis of potential or actual impacts within the force packages. This analysis will help FEMA be more prepared to respond to an event. These force packages will be developed in coordination with FQS Certifying Authorities and Officials, FEMA Headquarters components, and FEMA's ten Regions.

Non-Disaster Grants Management

FEMA continues to focus on issuance and management of non-disaster grants. During the past two years, FEMA implemented enhanced controls over the review of extension requests, while continuing to prioritize the close-out of open grants. As a result of these efforts, FEMA reduced the balances of open non-disaster grants by nearly 50 percent. In addition, FEMA submitted a National Preparedness Grant Program legislative proposal in support of the President's budget to consolidate current state, local and tribal preparedness grant programs. This proposal would improve coordination among grantees, eliminate duplicative efforts and support the sustainment and development of the core capabilities described in the National Preparedness Goal.

Joint Planning

FEMA coordinates planning activities with other departments and agencies to align the federal support to states, localities, tribes and territories to respond to and recover from catastrophic incidents.

Planning has been improved at the national level and across all ten FEMA Regions through the employment of an "All-Hazards" planning construct pursuant to Presidential Policy Directive (PPD)-8 "National Preparedness." Federal Interagency Operations Plans (FIOP), which are single "All-Hazards" plans for the response and recovery mission areas, set forth the concepts of operations across the emergency and recovery support functions for routine and catastrophic hazard scenarios. FEMA coordinates the development of incident-specific annexes where necessary to address tasks and critical considerations for unique situations or requirements that would not otherwise be addressed in the "All-Hazards" plan. Each lead and supporting department and agency, including a multitude of FEMA programs, collaborates in a unified effort to reduce the development and maintenance of separate plans. A single five-year planning schedule enables FEMA to synchronize its planning efforts with other departments and agencies to ensure planning addresses the Strategic National Risk Assessment and regional Threat-Hazard-Identification-Risk-Analysis (THIRA).

Substantial improvements have been made in the integration of planning assumptions, concepts of operations and support requirements with FEMA's interagency partners. For example, the

Department of Defense's CONPLAN 3500, which outlines defense support to civilian authorities, is based on planning assumptions and requirements that are integrated with the FIOP for response. U.S. Northern Command (USNORTHCOM), through the Defense Coordinating Officers that operate at FEMA Regional Offices, is in the process of developing support playbooks for executing its roles and requirements identified in regional All Hazard Plans and associated incident-specific annexes. The most recent USNORTHCOM playbooks include those for the FEMA Region X Alaska Response Annex, Region IX and X Cascadia Subduction Zone Annexes and Region IX Southern California Earthquake. Future playbook initiatives will be tied to the Region IV, V, VI and VII New Madrid Seismic Zone earthquake annexes and the Region III and V improvised nuclear device response annexes.

Federal interagency planning has become more integrated across missions and hazard types, through the development of joint annexes to the response and recovery FIOPs. Recent collaborations include:

- Developing the Biological Incident Annex with the Department of Health and Human Services and the DHS Office of Health Affairs;
- Developing the Oil/Chemical Incident Annex with the Environmental Protection Agency and Coast Guard; and
- Developing the Nuclear/Radiological Incident Annex with the Nuclear Regulatory Commission, FEMA Radiological Emergency Preparedness Program, the Department of Energy and the Department of Defense.

The Emergency Support Function and Recovery Support Function Leadership Groups coordinate a collaborative planning effort that involves dozens of other departments and agencies, such as the Federal Bureau of Investigation and DHS Operations Coordination and Planning.

Workplace Transformation Initiative

FEMA is transforming its physical workspace, shrinking its facilities footprint, and emphasizing mobility, hoteling and telework for its employees as part of the Agency's Workplace Transformation initiative. FEMA began the process of workspace consolidation with the primary goal of providing a more collaborative and productive environment. This approach emphasizes flexible workspaces, in which our work is accomplished anywhere our team members are located, rather than in specific offices and cubicles. Technology, such as voice over internet protocol, wireless connectivity, enhanced conference bridge capabilities and boosted cellular signals, are being employed to facilitate collaboration.

The strategy includes an effort to reduce the number of office buildings FEMA leases in the National Capitol Region (NCR) from eight to three, reducing office space by hundreds of thousands of square feet and saving FEMA \$11.4 million annually by Fiscal Year (FY) 2016. As the NCR transformation is completed, FEMA also intends to review its footprint at the regional level.

FEMA was recognized by the Office of Management and Budget (OMB) as a leader for achieving space efficiency as a result of this effort. FEMA was also recognized by DHS for the use of telework.

Information Systems

FEMA relies extensively on its information technology (IT) systems to perform its critical mission of leading America to prepare for, prevent, respond to, recover from, and mitigate against disasters. In turn, the country relies on FEMA to continue operations during all disasters and emergencies, including cyber events.

To make its systems more resilient and secure, the FEMA Office of the Chief Information Officer (OCIO) is executing a comprehensive FEMA-wide Cyber Security Resiliency Review, and is instituting numerous changes throughout FEMA. The goal of the effort is to strengthen the security and resiliency posture of FEMA's information technology environment. Some concerns identified during the review can be addressed quickly through policy and documentation updates or governance changes, while others will require additional planning and the reprioritization of funding.

Short term efforts, of which many have been completed, include:

- Aligning the Chief Information Security Officer and Office of Information Assurance as direct reports to the FEMA CIO in accordance with government and industry best practices;
- Continuing implementation of Personal Identity Verification cards for IT system access, which provides vetted federal employees and partners seamless and secure access to FEMA information systems and applications. While the Agency moved from zero percent compliance to 66 percent in a span of three months and met DHS's FY 2013 goal, we are focused on even greater compliance. This effort will further harden FEMA's network and hardware against unauthorized access;
- Altering FEMA's approach to system authorizations by incorporating program office leadership under a "Shared Accountability" model to ensure that FEMA IT systems are secure prior to deployment and operation, and that FEMA can make a balanced-risk decision between its security posture and mission enablement;
- Consolidating and validating FEMA's systems inventory, which requires documenting, verifying, and strengthening the security and resilience of FEMA's mission essential systems and applications; and
- Reviewing, revising, or developing security plans to clearly define each system's Federal Information Processing Standard Security Categorization and Authorization Status.

In FY 2014 the Chief Information Officer will stabilize FEMA IT, and over the next several years the CIO will lead an effort to optimize and transform FEMA IT to enable FEMA and the

whole community to support our citizens and first responders efficiently and effectively. Once fully implemented, OCIO's short term changes should immediately strengthen and streamline FEMA's IT security oversight and control processes. Intermediate and long-term efforts include:

- Continuing to consolidate and validate FEMA's systems inventory;
- Maintaining and strengthening the security posture of FEMA's authorized systems, particularly with respect to mission-critical systems that FEMA will rely on during a disaster or cyber event;
- Planning for and developing a comprehensive financial and grants system modernization plan.

With full implementation of these intermediate to long term efforts, FEMA systems will have a much higher degree of reliability, availability, and resiliency during a disaster or cyber event.

Financial Systems Technology Refresh

FEMA's Integrated Financial Management Information System (IFMIS) was at risk of failure due to outdated hardware and a 20-year old operating system. To mitigate the risk of failure, FEMA took steps to stabilize IFMIS as part of a "technology refresh." The refresh migrated IFMIS to a Linux operating system and web platform called WebIFMIS. The refresh added more memory to increase system capacity and accommodate more users. The system now includes additional redundancy that provides a new layer of protection against system failures. As a result of these efforts, FEMA has improved the security and resiliency posture of its core financial system. FEMA recognizes that additional vulnerabilities persist, and is working with DHS on permanent solutions. These include planning and developing a comprehensive financial system modernization plan. FEMA is also implementing interim enhanced applications to meet business needs, including an enhanced and significantly less costly budget management system, an improved property management system, an automated requisition system, and the new travel system referenced below.

Concur Government Edition

FEMA was the first DHS component to fully implement a new travel system that included all disaster travel and automated 80 percent of employee travel management, making the accounting and budgeting processes more efficient. Moving forward, all FEMA disaster travel will be processed through the Concur Government Edition (CGE) travel system. This system will process more than 160,000 vouchers per year for a total of \$275 million processed. And the estimated 10 to 15 full time employees who previously processed these vouchers manually will be reassigned to other important work. This could save an estimated \$1.2 million to \$1.8 million, potentially allowing FEMA to reinvest that savings to accomplish other priorities.

Improved Audit Process and Results

FEMA implemented several programmatic changes to improve the efficiency of the audit response and resolution process, including:

- Performed retrospective analysis of the findings from the past three years of public assistance audits to understand the full scope of issues and prioritize corrective actions;
- Established an Audit Response Unit within the Recovery Directorate to increase the Agency's capacity to respond to and implement the Office of Inspector General's (OIG) findings;
- Established Disaster Procurement Assistance Teams that deploy during disasters to provide just-in-time training and guidance during a disaster so that procurement related mistakes are reduced; and

FEMA Administrator Craig Fugate made audit resolution a priority, setting performance goals and requiring monthly reporting on audit resolution progress. FEMA is also investing in improved analytic capabilities across the Agency, while focusing on proper and responsible use of the Disaster Relief Fund.

In a concerted effort to improve internal controls and processes, FEMA:

- Offers policy and guidance material to grantees and sub grantees;
- Conducts quality assurance and quality control reviews with both an initial and final review of each project obligated;
- Conducts training courses for its staff as well as for our state and tribal partners;
- Uses process improvement modeling and analytic tools to mine audit findings to inform improved business practices and program management across FEMA; and
- Ensures FEMA's Audit Tracking and Analysis System is compliant with the OMB A-50, and that audit response management is timely, accurate, supports analytics, eliminates duplication and improves monitoring, tracking and reporting of data.

As a result of FEMA's efforts, FEMA reduced its two material weaknesses, which include grants management and information technology controls and system functionality, as part of the DHS annual Financial Statement Audit for Grants Management and Information Technology Controls and System Functionality to Significant Deficiencies. FEMA also positively contributed to DHS's first ever clean financial statements audit in 2013, through these efforts. FEMA has reduced the number of open OIG recommendations, closing out 1,712 recommendations since January 2012, while at the same time addressing \$1 billion in questioned costs. Eighty percent of questioned costs were identified as allowable costs, and the remaining 20 percent were disallowed and returned to the Disaster Relief Fund (DRF).

Conclusion

FEMA is committed through its actions and its leadership to using, managing and maximizing its resources and its workforce to support the DHS Secretary's priorities and the expectations of the

American public. The Agency continues to achieve these goals by enhancing workforce capabilities, streamlining business processes and harnessing the benefits of improved information systems. Our strategic framework, our management approach and our culture of improvement demonstrates a commitment to better serve states, tribes, survivors and communities, who are our ultimate stakeholders.

We look forward to providing continued information to the Subcommittee to facilitate its critical oversight function and to working together to protect the nation.