

STATEMENT

OF

CRAIG FUGATE
ADMINISTRATOR

FEDERAL EMERGENCY MANAGEMENT AGENCY
U.S. DEPARTMENT OF HOMELAND SECURITY

BEFORE
THE

COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON EMERGENCY PREPAREDNESS, RESPONSE AND
COMMUNICATIONS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.

**“THE FEDERAL EMERGENCY MANAGEMENT AGENCY’S FY2015 BUDGET
REQUEST: ENSURING EFFECTIVE PREPAREDNESS, RESPONSE AND
COMMUNICATIONS”**

Submitted
By

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

March 25, 2014

Introduction

Good Morning Chairman Brooks, Ranking Member Payne and Members of the Subcommittee. My name is Craig Fugate, and I am the Administrator at the U.S. Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA). It is an honor to appear before you today to discuss FEMA's Fiscal Year (FY) 2015 budget request.

FEMA's mission is 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.

The FY 2015 President's Budget request provides the level of resources required, in a balanced and prioritized manner, to support the Agency's ability to fulfill its emergency management mission, while recognizing the budgetary controls and needs of the Agency.

The FY 2015 budget request reflects FEMA's priority to manage resources effectively across the federal government while ensuring the nation's resilience to disasters. Under my direction, the Agency continues to re-examine its current allocation of resources to consider the relative return on investment and to better focus on those programs that have the most significant impact on the Agency's ability to fulfill its overall mission. 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 use of available resources.

The Agency's budget request is guided by the Administrator's Intent for FY 2015-2019 (Intent), and its five strategic 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) achieve business and management excellence. FEMA is committed to leveraging our authorities and focusing our policies, programs and budget choices to best support our citizens and first responders in working together to ensure our nation's resilience to disasters. To deliver on this commitment, this Intent also provides two guiding principles to frame our thinking, build our budget request, guide our decisions, and shape our approach to mission and program execution, which are: (1) a whole community approach to emergency management and (2) fostering innovation and learning.

This testimony will review the initiatives the Agency hopes to pursue in FY 2015 through the lens of the Intent and the strategic priorities.

Disaster Relief Fund

The Disaster Relief Fund (DRF) provides individual and public assistance to help families and communities affected by declared disasters to rebuild and recover, as well as mitigation funds to reduce the impact of future disasters. The FY 2015 DRF budget request is consistent with the

Budget Control Act of 2011 (Pub. L. No. 112-25) and totals \$7.03 billion, in addition to carry-over and recoveries. The DRF request for FY 2015 includes estimated costs for prior catastrophic events (including Hurricane Sandy), a ten-year average level for non-catastrophic disasters, and funds for DRF Base activities (i.e., Emergencies, Pre-disaster Surge Support, Fire Management Assistance Grants, and Disaster Readiness Support). The request also includes a \$1 billion set-aside for no-notice events, which should also support initial funding needs of a new catastrophic event. FEMA will continue to maximize the use of DRF resources by working closely with states, localities and tribes and through the use of its authorities and policies, including Strategic Funds Management, which is FEMA's process for obligating Public Assistance project funding based on a subgrantee's schedule to execute the eligible work. As in the FY 2014 Omnibus, the DRF FY 2015 request also includes a \$200 million rescission to Base balances in anticipation of unspent carry-over balances and expected additional recoveries.

Continuing to Implement Major Legislative Changes

Sandy Recovery Improvement Act of 2013

As part of the Disaster Relief Appropriations Act, 2013, on January 29, 2013, President Obama signed into law, the Sandy Recovery Improvement Act (SRIA) (Pub. L. No. 113-2) authorizing several significant changes to the way FEMA delivers disaster assistance. SRIA is one of the most significant pieces of legislation impacting disaster response and recovery since the Post-Katrina Emergency Management Reform Act of 2006. FEMA began implementing the provisions of SRIA while it was still helping survivors recover from Hurricane Sandy.

FEMA has developed and implemented pilot programs to use new authorities for Public Assistance (PA) Alternative Permanent Work and PA Debris Removal programs as part of its implementation of SRIA. When these pilots are completed, we believe the data will show that these programs speed recovery by empowering applicants with more choices, enabling better and timelier decisions that align with communities' recovery priorities, putting applicants in the driver's seat of their own recovery and reducing administrative costs.

Biggert-Waters Flood Insurance Reform Act of 2012

The Agency is also implementing the Biggert-Waters Flood Insurance Reform Act of 2012, (Div. F, Subtitle C, of the "Moving Ahead for Progress in the 21st Century Act" or "MAP-21" (Pub. L. No. 112-141)), which aimed to make the National Flood Insurance Program (NFIP) more actuarially-sound and to make flood insurance rates better reflect real flooding risks.

The law requires changes to all of the major components of the NFIP, including flood insurance, flood hazard mapping, grants and floodplain management, and we are working to implement those provisions. These changes are being phased in over time and are consistent with the direction provided in the Department of Homeland Security Appropriations Act, 2014 (Division F of the Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76)).

The Department of Homeland Security Appropriations Act, 2014 delays all work on implementing Section 207 of the Biggert-Waters Act, until Oct. 1, 2014. However, it neither amends nor changes the requirements in Section 207 and once funding is made available, FEMA will be required to continue with implementation. This means that flood map changes that increase risk and were adopted by communities after July 6, 2012, as directed by Congress, will eventually phase out of grandfathered rates retroactively once Section 207 implementation occurs. As part of the NFIP, FEMA identifies flood hazards, assesses flood risks, and partners with states, tribes and communities to provide accurate flood hazard and risk data, more accurately capturing flood hazard conditions now more than ever before with the Risk Mapping, Assessment and Planning program.

FEMA estimates that it will take an additional 12-18 months to implement Section 207 once funding is restored.

The FY 2015 request includes \$84.4 million to continue FEMA's Flood Map Modernization Fund and its long-term efforts to address existing gaps in the flood hazard data inventory and address changes that continue to occur over time.

Strategic Priorities

FEMA's budget request is consistent with the Administrator's Intent and its strategic priorities. Below we have focused on some of the high-profile programs, policies and priorities that the Agency hopes to continue, modify or implement in FY 2015.

Strategic Priority One: Be Survivor Centric in Mission and Program Delivery

As part of FEMA's effort and its stated strategic priority to be survivor centric in mission and program delivery, the Agency is proposing moving its Emergency Food and Shelter (EFS) program to the Department of Housing and Urban Development (HUD).

The FY 2015 request is consistent with previous requests and reflects a focus on FEMA's primary mission of preparing for and coordinating disaster response and recovery efforts, while ensuring continued substantial support for the non-disaster EFS program. The budget proposes a transfer of the EFS program to HUD, as the core function of the program more closely aligns with HUD's primary mission and thus will provide the best service to survivors. This transfer will further reduce fragmentation and duplication of services among federal homeless assistance programs, addressing a challenge highlighted by GAO and others.

Strategic Priority Two: Become an Expeditionary Organization

As part of FEMA's effort and its stated strategic priority to become an expeditionary organization, the Agency is working to develop a leaner, more agile workforce that is well-equipped, educated and trained. As part of this goal, FEMA is also working to ensure its

workforce is appropriately sized, organized and distributed to rapidly mobilize, deploy and conduct missions, while being fully supported by FEMA's technology and infrastructure.

Strategic Priority Three: Posture and Build Capability for Catastrophic Disasters

As part of FEMA's effort and its stated strategic priority to posture and build capability for catastrophic disasters, the Administration is proposing the National Preparedness Grant Program (NPGP) and additional funding for NPGP in the Opportunity, Growth and Security Initiative (OGSI). The FY 2015 NPGP will work to build and sustain core capabilities in the National Preparedness Goal, recognizing that a secure and resilient Nation is one with the capabilities required, across the whole community, to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk. The NPGP draws upon and strengthens existing grants processes, procedures and structures, emphasizing the need for greater collaboration and unity among Federal, state, local, tribal and territorial partners.

National Preparedness Grant Program

NPGP proposes to maximize the impact and benefit of grants for the whole community's capacity to be prepared based on risks. The legislative language that would be required to fully implement the NPGP has been shared with FEMA's authorizers and appropriators, and we look forward to working with Congress as they consider these important legislative changes.

The NPGP would consolidate current state/local preparedness grant programs into one comprehensive and overarching program (excluding Emergency Management Performance Grants and Fire Grants), which eliminates redundancies and requirements for both grantees and the federal government based on the current system of multiple individual and often disjointed grant programs.

Consistent with Presidential Policy Directive 8, the NPGP prioritizes building and sustaining core capabilities to address high consequence events posing the greatest risk to U.S. security and resilience. The NPGP will use the Threat and Hazard Identification and Risk Assessment (THIRA) process to guide the development of core capabilities.

State, tribal and local governments would be able to prioritize their need and maximize the use of grant funds for the greatest whole community impact, with tribal governments having the ability to receive direct funding. This process, and the creation of NPGP, will also ensure that grantees have the ability to build and sustain capabilities that can be deployed not just on the local level, but on the regional and national levels as well – creating an interconnected network of local, tribal, state, regional and national capabilities to increase the security of the whole nation.

Implementing the NPGP will also improve the efficiency of the grant programs by eliminating the burden on grantees to meet often redundant mandates from multiple individual grant programs. As the Subcommittee is aware, the Redundancy Elimination and Enhanced

Performance for Preparedness Grants Act identified the elimination of duplicative mandates as a priority.

Ultimately, creating this program would strengthen our ability to respond to evolving threats across the United States.

Opportunity, Growth and Security Initiative

The Nation is already experiencing impact from climate change, and there is more to come. The Budget strengthens America's preparedness for and resilience to the effects of climate change by including base funding for investments specifically for identifying and analyzing critical infrastructure vulnerabilities, as well as funds for grants to support research and State and local level resilience planning. In addition to these base funding investments, the Budget includes over \$1 billion in a Climate Resilience Fund within the President's Opportunity, Growth and Security Initiative to more fully prepare the Nation for existing and future threats from climate change. The investments supported by the Fund will arm us with a greater understanding of the impacts of climate change, provide tools and information to support community planning that accounts for the effects of climate change, and help reduce the risk to our communities, infrastructure, and natural resources in the face of climate change and extreme weather events. As part of the Administration's OGS, the FEMA budget includes a separate, fully paid for request to support further preparedness and pre-disaster planning and execution.

The OGS, which will be split evenly between defense and non-defense funding, shows how additional discretionary investments in 2015 can spur economic progress, promote opportunity and strengthen national security.

The Budget will include \$400 million for the Pre-Disaster Mitigation program in the Opportunity, Growth, and Security Initiative. This, combined with the \$150 million in base funding for National Flood Insurance Program mitigation grants, represent 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. 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, retro-fitting of existing buildings.

Strategic Priority Four: Enable Disaster Risk Reduction Nationally

As part of FEMA's effort and its stated strategic priority to enable disaster risk reduction nationally, FEMA will leverage its partnerships, programs, and risk information and tools to catalyze whole community efforts advancing risk-based decision making across the nation. This

effort will help to build community resilience through ensuring a common risk picture, better targeting of resources, and a joint/collaborative national effort to build the capabilities that will best address the identified/targeted risk areas.

Focus areas will include:

- Enabling greater risk informed decision-making by improving the quality, accessibility and use of risk information. For example: through the continued modernization of flood maps and the continued implementation of the THIRA process.
- 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 on earlier efforts such as establishment of the Mitigation Framework Leadership Group and implementing a consistent federal flood risk standard for federal funds in Hurricane Sandy rebuilding. For example: through the development and adoption of a Federal Flood Risk Reduction Standard under the President's Climate Action Plan of 2013.

FEMA will also strive to reduce the risk associated with flood events via the Flood Mitigation Assistance Program. As a result of the unification of the Flood Mitigation Assistance, Repetitive Flood Claims and Severe Repetitive Loss grant programs under the Flood Mitigation Assistance Program, FEMA has been a more efficient delivery of flood-related grants to states, local and tribal communities, which has reduced future claims to 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. The grant also provides 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, elevation of homes above expected flood levels and construction of minor drainage projects to reduce the impact of storms.

FEMA requests \$150 million in FY 2015, an increase in \$50 million over the FY 2014 request, for this activity so that important loss reduction measures are completed.

Strategic Priority Five: Achieve Business and Management Excellence

As part of FEMA's strategic priority to achieve business and management excellence, the Agency is undertaking several initiatives. Among them: continuing to dramatically shrink its facilities footprint to save funds and apply taxpayer money wisely to higher priorities, leading

the federal government in developing collaborative workplaces and improving security posture and resiliency, executing training curriculum and programs to ensure employee readiness to timely execute their responsibilities, and reviewing and maximizing the use of all technology spending for mission execution.

Conclusion

The FY 2015 President's Budget provides the level of resources required to support the Agency's ability to fulfill its emergency management mission. The budget lays out a plan that effectively manages, efficiently uses and maximizes the impact of our resources, while ensuring the nation's resilience to disasters. FEMA's proposed budget continues to streamline current business processes and harnesses the use of innovative technologies. The budget also shows a commitment to learning from each disaster and evolving our plans and processes to better serve survivors – our ultimate stakeholders – and meet the needs of the whole community.

We look forward to continuing to work with the Subcommittee to ensure that our nation is even more prepared and resilient moving forward.