

STATEMENT

OF

W. CRAIG FUGATE
ADMINISTRATOR

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

BEFORE
THE

SENATE COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE ON HOMELAND
SECURITY
WASHINGTON, D.C.

**“THE FEDERAL EMERGENCY MANAGEMENT AGENCY’S BUDGET SUBMISSION
FOR FISCAL YEAR 2016”**

Submitted
By

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

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Introduction

Good Afternoon Chairman Hoeven, Senator Shaheen 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) 2016 budget request in terms of our strategic goals and objectives, past progress and the future opportunities included in this year's submission.

When I arrived at FEMA nearly six years ago, my focus was on creating a culture that was less reactive and more forward leaning, with a focus on becoming a faster, smarter, adaptable and more nimble Agency in our approach to disaster response and disaster assistance.

Today, with the help of Congress and the additional authorities provided to FEMA to carry out its mission, and along with the dedication of our workforce, our Agency is positively and substantially different than when I first arrived six years ago. We are transforming into an Agency that is more survivor-centric in mission and program delivery, more expeditionary in nature, and better postured to effectively assist and support our State, local, tribal, and territorial partners. We are also making efforts to buy down risk, which will help to lower the costs of future disasters.

The FY 2016 budget request reflects FEMA's priority to continue to manage resources more effectively with an emphasis on fulfilling the Agency's strategic priorities. Under my direction our focus is to continue maintaining and strengthening the Agency's ability to respond to disasters while reducing costs by effectively utilizing available resources and improving the efficiency of our operations. The budget reflects lessons learned from recent disasters and overall trends in disaster losses that led to FEMA's enhanced focus on maturing plans and processes to better serve survivors and communities and the need to serve as a catalyst in enabling national disaster risk reduction. Moreover, the budget seeks to strengthen FEMA's organizational foundation through effective management structures that are not separate from our mission, but critical to supporting it – whether through building a well-trained and capable workforce to execute our mission (with a focus on hiring, managing performance, and career development) or a secure information technology infrastructure that will allow us to respond uninterrupted to catastrophic disasters.

I am pleased to report to the subcommittee that the Agency's FY 2016 budget request is guided by the 2014-2018 Strategic Plan (Plan) which we released this past July. The Plan builds off of the Administrator's Intent for FY 2015-2019 which I discussed in my testimony before this subcommittee last March. The Plan was developed with the input of hundreds of FEMA employees and a breadth and depth of external stakeholders who are now working together to execute the Plan's five strategic priorities:

- Be survivor-centric in mission and program delivery;

- Become an expeditionary organization;
- Posture and build capability for catastrophic disasters;
- Enable disaster risk reduction nationally; and
- Strengthen FEMA's organizational foundation.

FEMA's leadership is committed to shaping the Agency's resource decisions going forward on achieving outcomes defined in the Plan on a priority basis. I will discuss several of these initiatives in this testimony.

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. Congress' continued support of the DRF has provided critical and timely financial resources that enable the Agency to be survivor-centric in the delivery of our mission and programs.

The FY 2016 DRF budget request is consistent with the Budget Control Act of 2011 (Pub. L. No. 112-25) and totals \$7.4 billion, in addition to carry-over and recoveries. The DRF request for FY 2016 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 and Support).

The request also includes again a \$1 billion set-aside for no-notice events, which should support initial critical funding needs of a new catastrophic event while the Congress evaluates any additional funding requests. FEMA will continue to maximize the use of DRF resources by working closely with states, localities, territories 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. The DRF request also includes a \$250 million rescission to Base balances in anticipation of unspent carry-over balances and expected additional recoveries.

Finally, to ensure sound resource management and maximize operational readiness at the lowest cost to taxpayers, FEMA has developed a methodology for tracking incident workforce cadre readiness and standardizing costs across the incident workforce. This initiative allows FEMA to link current and future Disaster Readiness and Support budget requests to our efforts to maximize cadre readiness. The Cadre Operational Readiness and Deployment Status (CORDS) report will measure FEMA's current state of readiness consistent with past and current actions based on funding and will assist in determining future resource needs in order to improve FEMA's readiness posture.

Continuing to Implement Major Legislative Changes

Sandy Recovery Improvement Act of 2013

In January 2013, Congress passed and President Obama signed the Sandy Recovery Improvement Act (SRIA) into law, authorizing several significant changes to the way FEMA delivers disaster assistance. SRIA, and the additional authorities it provided, continues to aid recovery efforts associated with Hurricane Sandy and subsequent disasters.

To date, SRIA is one of the most significant pieces of legislation impacting disaster response and recovery since the Post-Katrina Emergency Management Reform Act (PKEMRA) and builds upon the Robert T. Stafford Disaster Relief and Emergency Assistance Act. For example, SRIA's Public Assistance Alternative Procedures provision provides substantially greater flexibility in the use of federal funds for Public Assistance applicants. This should result in fewer administrative burdens and costs for all parties when participating applicants choose to accept grants based on fixed, capped estimates, which may be provided by the applicant's licensed engineer and validated by an independent expert panel. A number of grantees, including the State of New York, used alternative procedures in the aftermath of Hurricane Sandy to help rebuild and restore critical infrastructure.

Homeowner's Flood Insurance Affordability Act 2014

In March 2014, President Obama signed the Homeowner Flood Insurance Affordability Act (HFIAA) of 2014 into law. This law repeals and modifies certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12), and makes additional program changes to other aspects of the program not covered by that Act. Many provisions of the Biggert-Waters Flood Insurance Reform Act remain and are still being implemented.

FEMA's FY 2016 budget request provides for the implementation of the new legislative mandates in BW-12 and HFIAA. These Acts authorized an ongoing flood mapping program with several major expansions in scope, enhancements to community engagement, and risk communications to be implemented in collaboration with a Technical Mapping Advisory Council comprised of key stakeholders, subject matter experts, and representatives of Federal agencies. The \$181.2 million in requested funding for the National Flood Insurance Fund discretionary appropriation will enable FEMA to begin the implementation of these new requirements. This includes specific mapping, community engagement, and risk communication activities directed by the reforms, and the recommendations that the Technical Mapping Advisory Council is expected to begin making over the next few years.

HFIAA also repeals certain rate increases that have already gone into effect and provides for refunds to those policyholders. I am pleased to report to the subcommittee that 100 percent of these refunds have now been issued. The Act also authorizes additional resources for the

National Academy of Sciences (NAS) to complete the affordability study as mandated by BW-12. We expect NAS to deliver the study later this year.

Section 24 of HFIAA provides for the designation of a Flood Insurance Advocate to advocate for the fair treatment of policyholders under the National Flood Insurance Program (NFIP) and property owners in the mapping of flood hazards, the identification of risks from flood, and the implementation of the measures to minimize the risk of flood. FEMA's FY 2016 budget proposal includes a request for eight positions and \$1,590,000 to establish the permanent Flood Insurance Advocate Office. The development of the Flood Insurance Advocate Office supports FEMA's strategic priority of enabling risk reduction through enhancing stakeholder interaction to provide greater access to information on risk, insurance, and mitigation. With these thoughts in mind, I want to thank the Congress for its support of the Advocate's Office in the FY15 Department of Homeland Security Appropriations Act (Pub. L. No. 114-4). The establishment of this function will provide disaster survivors with a congressionally mandated representative who will help ensure fair treatment of policyholders under the NFIP.

2014-2018 FEMA Strategic Plan-Driving Budgetary Decision Making

FEMA's FY 2016 budget request reflects a concerted effort on behalf of the Agency's leadership to link key priorities within our 2014-2018 Strategic Plan with budgetary decision making. I wanted to take this opportunity to provide the subcommittee with a few examples.

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

The whole community approach to emergency management calls for those who manage disasters to understand and recognize both the needs and the capabilities of affected survivors. Hurricane Sandy and other recent disasters highlighted the need to make FEMA's programs and processes as accessible and user-friendly as possible for survivors rather than prioritizing FEMA's ease of administration. In delivering its Individual Assistance and Public Assistance programs, FEMA will therefore endeavor to anticipate and adapt to survivors' needs, maximizing the speed, efficiency, accessibility, and ease of use of our programs and services for individuals and communities. FEMA's FY 2016 budget proposal reflects these efforts and for example, includes a request to transfer \$4 million and eighteen positions from the Recovery Directorate to the Office of Federal Disaster Coordination. This transfer would ensure that the Recovery Framework principles are fully embraced and promoted through our field leadership who are working most closely with States, tribes and local communities both before and after disasters. We anticipate this will improve the effectiveness and efficiency of interagency coordination efforts after large disasters.

The budget submission also includes a request for an increase in \$4.3 million for the Integrated Public Alert and Warning System (IPAWS). If appropriated, the program would apply \$1.5 million of this funding towards improving Primary Entry Point (PEP) station reliability. The PEP

stations are the primary mechanism for disseminating a Presidential message and serves as a highly resilient communications resource for State, tribal and local governments. \$2.8 million of this funding would go towards improving the reliability of the IPAWS system by seeking alternative commercial cloud hosting solutions to safeguard system availability. Improving IPAWS availability and reliability will ensure integrated services and capabilities are available to Federal, State, territorial, tribal, and local authorities that enable them to alert and warn their respective communities via multiple communications methods. This investment would directly support our efforts to be survivor-centric in mission and program delivery.

Strategic Priority Two: Become an Expeditionary Organization

The overall response to Hurricane Sandy confirmed that large and complex incidents will stress FEMA and the Federal Government's capacity to anticipate survivor needs, maintain unity of effort, and provide rapid support to State, local, territorial and tribal partners. As a result, FEMA's Response Directorate, Logistics Directorate, Office of Federal Disaster Coordination, and the Regional offices are working to build the capacity to respond rapidly and to appropriately sustain incident operation. FEMA will continue to expand its ability to become an expeditionary organization with the right people and resources in the right places at the right times to meet the needs of disaster-affected communities.

The Agency's FY 2016 submission directly reflects these efforts. For example, the request includes \$18.6 million for the FEMA Qualifications System (FQS) Program which ensures the Agency puts forth a qualified workforce based on performance standards; establishes minimum, consistent, and fair qualification requirements for all workforce positions regardless of employment status; and works to strengthen the training and qualification standards for all workforce positions by implementing improvements based on sound analysis.

Strategic Priority Three: Posture and Build Capability for Catastrophic Disasters

One of the greatest challenges in emergency management lies in preparing for a catastrophic disaster. FEMA leads efforts to prepare the Nation for a catastrophic event, engaging the whole community to harness and enhance the capabilities of citizens and communities. FEMA continues to work to deliberately identify gaps in the Nation's capabilities to respond to and recover from a catastrophic event, and to work with whole community partners to address the identified gaps through better planning and through continued efforts to build and sustain the capabilities that matter most. The centerpiece of these efforts is the National Preparedness System. The National Preparedness System outlines a structured process for the whole community to develop and advance our nation's security and resilience. The components of the National Preparedness System provide a consistent and reliable approach to support decision-making, allocating resources, and measuring progress. Through the National Preparedness System, whole community partners:

- Identify and assess the risk, determine the resources required to address those risks, and build and sustain the core capabilities in the National Preparedness Goal, as part of the Threat and Hazard Identification and Risk Assessments (THIRAs);
- Coordinate planning across organizations through the National Planning Frameworks;
- Validate existing capabilities through the National Exercise Program;
- Continuously improve knowledge and core capabilities through the National Training and Education System; and
- Participate in the regular review and assessment of capabilities, resources and plans through the National and State Preparedness Reports.

FEMA's FY 2016 budget request also re-proposes the National Preparedness Grant Program (NPGP) that seeks to maximize the impact and benefit of grants for the whole community's capacity to be prepared based on risks.

The primary purpose of the FY 2016 NPGP is to build and sustain core capabilities associated with the five mission areas described in the National Preparedness Goal: prevention, protection, mitigation, response, and recovery. Particular emphasis will be placed on capabilities that address high consequence events that pose the greatest risk to the security and resilience of the United States, including those along its borders, and could be utilized to address multiple threats and hazards.

Finally, the FY 2016 budget request would also maintain FEMA's efforts to ensure that first responders continue to receive the training they need to best serve their communities. As a result, this year's budget submission maintains strong support for the Center for Domestic Preparedness (CDP) and the Emergency Management Institute (EMI). Moreover, the budget submission includes separate requests for \$18 million for the Center for Homeland Defense and Security (CHDS) and \$42 million for the National Domestic Preparedness Consortium (NDPC), consistent with congressional intent and authorizing statute.

Strategic Priority Four: Enable Disaster Risk Reduction Nationally

Our country faces increasing disaster risk in the near and long term due to multiple interacting factors. Reducing loss of life, injuries, and disaster costs will require concerted action by individuals, businesses, and communities, as well as a range of federal, state, territorial, tribal and local government agencies. To further enable national disaster risk reduction, FEMA identifies and assesses risk; reduces risk by promoting resilient land use incentives, building codes, and providing Hazard Mitigation Grant Program funding; and, spreads the risk of flood loss through the National Flood Insurance Program (NFIP). Through these programs, FEMA reduces the likelihood of future losses, enables individuals to recover more rapidly from floods and other disasters, and minimizes the financial impact of disasters on the U.S. Treasury, states, tribes, territories and local communities.

FEMA's FY 2016 budget request places a strong emphasis on funding programs that will minimize risk while increasing resiliency. For example, the request includes \$200 million for Pre-Disaster Mitigation (PDM) grants. The PDM grant program provides funds for hazard mitigation planning and projects on an annual basis. The program was put in place to reduce overall risk to people and structures, while at the same time, also reducing reliance on the DRF if an actual disaster were to occur. The requested increase in funding will enable FEMA to provide over 600 grants to State, local, tribal and territorial governments while augmenting our team with additional staff resources needed to review, implement, monitor and closeout the grants.

The budget request also includes \$194 million in additional funding for FEMA's RiskMap program. Risk MAP provides high quality flood maps and information, tools to better assess the risk from flooding. The program provides planning and outreach support to communities to help them take action to reduce flood risk. Perhaps most importantly, RiskMap, like PDM, helps to build resilience so that disaster survivors and their communities are less reliant on the DRF.

The requested increase in RiskMap funding would ensure that an additional 160,000 miles of flood maps meet the current flood mapping standards. In addition, FEMA would be able to initiate new Risk MAP projects in watersheds with high risk significant flood hazard data needs while enabling community actions to reduce flood risk.

The requested increases in RiskMap and PDM would provide funding for the two programs at levels authorized by the Congress.

Strategic Priority Five: Strengthen FEMA's Organizational Foundation

Mr. Chairman, FEMA must be adaptable and flexible as an organization in order to fulfill our mission. To achieve our strategic priorities, the Agency has recognized the critical importance of achieving excellence in human capital, data analytics, information technology, and other business functions. FEMA has also prioritized investments to strengthen the cyber-security of its systems by centralizing funding to ensure a focused and consistent approach within the Office of the Chief Information Officer.

The FY 2016 budget request includes \$11.9 million to initiate the process of modernizing FEMA's grants management system in alignment with our financial management modernization efforts with DHS support. The current systems do not sufficiently reconcile, scale, or meet the current and future demands for real-time data analytics and reporting requirements of FEMA and its whole community partners. This initiative would transform the Agency's current suite of aging, stove-piped, non-interoperable and technologically obsolete grants management systems into a modern grants management environment that seamlessly integrates with FEMA's financial systems. This investment will promote accountability, transparency, and standardization in accomplishing FEMA's mission in the regions and at headquarters while making our systems easier for grant recipients to use. This requested increase in funding would strengthen our organizational foundation and increase the efficiency of Agency operations.

The budget submission also includes an increase of \$5.0 million for the Information Technology (IT) resiliency review of FEMA's systems, and \$917 thousand for supporting cyber-security personnel reforms. These investments support the ongoing security review and annual certification of FEMA's complete headquarters and regional IT systems inventory, as well as the remediation activities associated with that review. FEMA anticipates that these efforts will identify further efficiencies and savings that will be used to offset the cost of future IT operations, maintenance, and enhancements. Finally, FEMA also requests \$3.2 million to modernize our financial management systems. The updated financial management system will be able to provide consistent, standardized information for program managers, financial managers, Agency executives, and oversight organizations including the Congress.

Conclusion

The FY 2016 President's Budget provides FEMA with the resources we need to support readiness, increase the nation's preparedness posture and enhance the capabilities of our state, tribal, territorial and local partners. By strengthening resilience, maintaining robust disaster response and recovery capabilities and strengthening our organizational foundation we will ensure that FEMA is able to meet its mission while being careful stewards of taxpayer dollars.

I look forward to working with the subcommittee and would encourage the Congress to take swift action to ensure that FEMA and the Department of Homeland Security are funded at the appropriate levels.