

# FEMA: ASSESSING PROGRESS, PERFORMANCE, AND PREPAREDNESS

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## HEARING

BEFORE THE

SUBCOMMITTEE ON FEDERAL SPENDING  
OVERSIGHT AND EMERGENCY MANAGEMENT  
OF THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

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**FEDERAL EMERGENCY MANAGEMENT  
AGENCY: ASSESSING PROGRESS,  
PERFORMANCE, AND PREPAREDNESS**

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**TUESDAY, APRIL 12, 2016**

U.S. SENATE,  
SUBCOMMITTEE ON FEDERAL SPENDING,  
OVERSIGHT AND EMERGENCY MANAGEMENT,  
OF THE COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 3:03 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Rand Paul, Chairman of the Subcommittee, presiding.

Present: Senators Paul, Ayotte, Ernst, Sasse, Baldwin, Booker, and Peters.

Also present: Senator Heitkamp.

**OPENING STATEMENT OF SENATOR PAUL**

Senator PAUL. I call this hearing to order. Good afternoon and welcome to the panel, and thanks for joining us today.

This Committee is charged with oversight over all Federal spending, which we accomplish through hearings like this one and through regular reports that are provided by various agencies that also help us to oversee government and its spending. Today we are examining spending at the Federal Emergency Management Agency (FEMA) and the need to make reforms in that spending.

Given that our government borrows about \$1 million every minute and has a \$19 trillion debt, we just cannot afford to allow waste to persist in government.

Waste at FEMA and grant programs administered by FEMA has been described in detail by Senator Coburn, the Government Accountability Office (GAO), and the Department of Homeland Security (DHS) Inspector General (IG). One of our witnesses today, Inspector General Roth, found in a report issued today that Maryland bought nearly \$70,000 worth of computer equipment that it did nothing with for nearly a year and a half.

In 2012, Senator Coburn reviewed one FEMA grant program and concluded the program is struggling to demonstrate how it is making U.S. cities less vulnerable to attack and more prepared if one were to occur—despite receiving over \$7 billion in Federal funding.

After 10 years, a clear danger for the Urban Areas Security Initiative (UASI) grant program is that it would be transformed from a risk-based program targeting security gaps into an entitlement

program for States and cities. I think that risk still exists and that many States are supplanting some of their typical expenditures that they would commonly pay for themselves with Federal money.

I do not think to this date we have adequately corrected the deficiencies that Dr. Coburn found.

Just last month, Inspector General Roth also released a report that had 333 recommendations for reform to the grant programs at FEMA, however FEMA only found that four permanent changes had been made to FEMA over the time in which these recommendations had come forward. Despite recommendations for reform over a nearly 5-year period, little in the way of reform appears to have occurred.

We had a hearing on this in 2013 in which we went through some of the various forms of waste that were occurring at FEMA, but even since that hearing, we still continue to have problems: \$280,000 was recently spent for a Bearcat armored vehicle in Dover. The last time we were around, we complained of a \$600,000 Bearcat armored vehicle for Keene. I guess New Hampshire is ready for the next invasion. We also found recently—or the inspectors have found, \$1.7 million for unused radios and generators in Hawaii and \$174,000 for unused radios in D.C. This is since we last met to talk about waste.

Every dollar wasted makes a difference to taxpayers. Right now FEMA is more than \$20 billion in debt because of the flood insurance program. Disaster spending often far outpaces the annual funding Congress provides, leading to the need for supplemental funding every year or so.

FEMA has provided more than \$40 billion in preparedness grants since 2001. These grants flow primarily to State and local agencies, who all too often seem to be using these funds for things they would never purchase with their own money, such as the 13 snow cone machines former Senator Coburn found were bought by some Michigan counties. Small communities are using these funds to buy armored vehicles.

Local communities love Federal grants because they do not have to tax their local constituents to pay for the spending. The Federal Government simply hides the grants in the massive \$19 trillion debt. For this reason we must be diligent in insisting that local communities' needs be largely paid for by local taxes.

A significant amount of this spending is also duplicative of grants available from other departments, such as the \$650 million handed out to local police by the Department of Justice (DOJ) last year.

I expect Inspector General Roth will give us much more insight into some of these problems today.

I and my office hear a lot about FEMA from our constituents. The most frequent complaints are about flood maps. A neighbor of mine has a house out at the local lake, and his house is about, oh, I think it is 60 feet above the level of the dam. And yet FEMA's map has him in the flood plain and requires him to spend money on extra insurance even though it is hard to conceive how his house is going to flood when it is above the level of the dam that holds the water for the lake.

I hear that the updated flood maps are not clear enough for county officials to make fully informed decisions. I hear that it takes far too long for counties to receive reimbursements for disaster recovery work. Perhaps if we were not buying Bearcat armored vehicles for local police forces, we might have more money to take care of some of these problems.

I am eager to hear what our witnesses have to say, but I would certainly welcome any comments at this time from our Ranking Member, Senator Baldwin.

#### **OPENING STATEMENT OF SENATOR BALDWIN**

Senator BALDWIN. Thank you, Chairman Paul, for working with me to hold this important hearing to examine the Federal Emergency Management Agency's efforts to assist States in preparing for terrorism and natural disasters. I would like to also thank our witnesses for being here today.

We have learned from the attacks in Brussels, Paris, and San Bernardino that we face critical and evolving threats as a Nation. Not only do we face new risks of terrorism, we also face ongoing threats of natural disasters, including floods, hurricanes, and tornadoes.

FEMA is charged with the critical role of ensuring that our first responders have the tools and resources they need to prevent, prepare for, and respond to all hazards.

For nearly 40 years, FEMA has implemented robust programs to increase States' capabilities to protect against disasters. Notably, FEMA provides critical Federal preparedness grant funding as well as real-time training and exercises for first responders.

I think all of our States—and, indeed, the country—have benefited from this critical assistance. However, as I have said in previous Subcommittee hearings, we must continually assess and evaluate our programs to ensure that we are addressing our Nation's priorities in the most efficient and effective manner possible.

So thank you again for being here, Mr. Manning, to discuss ways that FEMA can continue to prepare first responders for new and emerging threats, as well as increase oversight of its programs.

One area of particular importance to me and my home State of Wisconsin, and certainly many other States across the country, is the significant increase in the transportation of crude oil by rail. At a higher rate than ever before, we are seeing this volatile substance traveling in rail cars past homes, schools, and businesses.

With increased volume comes increased risk, and last November, two trains carrying hazardous materials derailed in the State of Wisconsin, spilling hundreds of gallons of crude oil in one case and thousands of gallons of ethanol in another. Fortunately, nothing caught fire and nobody was hurt. However, in one of the instances, 35 families were evacuated from their homes.

We have seen other derailments across the country, including in Illinois, West Virginia, North Dakota, Alabama, and Virginia just in the past year. These instances pose an immense threat to communities, people, and the environment.

For example, this past weekend, a train derailed in Wauwatosa, Wisconsin. No one was hurt, and these train cars were not carrying hazardous material. But it is not enough to rely on luck, and we

have to have sufficient plans in place to respond to derailments, including the worst-case scenarios.

Now, I am proud to have included a number of provisions in the recently passed highway bill to improve first responder access to information about these trains, and it is really critical that the Department of Transportation (DOT) implement the reforms as soon as possible. However, we must do more to address this significant security concern, and it is why I requested that the Inspector General audit whether the Department of Homeland Security has established sufficient plans and coordination efforts to effectively respond to and recover from railway accidents involving hazardous materials. I look forward to the results of that audit and to hearing from our witnesses about what more we can do to respond to this emerging threat.

I am also concerned by a recent Department of Homeland Security Office of Inspector General (OIG) report that found that FEMA has not adequately analyzed recurring Office of Inspector General recommendations to implement permanent changes to improve oversight of the Homeland Security Grant Program (HSGP). Specifically, the IG found that while FEMA tracks specific audit recommendations on a State-by-State basis, FEMA has not proactively analyzed its audits to discover trends, engage in root-cause analysis, and implement corrective action over the entire program.

Like the IG, I am concerned that States could be repeating the same mistakes and that we run the risk of money not being spent for its intended purpose.

Similarly, I am concerned about a GAO report that found FEMA does not comprehensively collect or monitor the status of corrective actions made by Federal departments that participate in national-level exercises. While FEMA has made progress in addressing this issue, more needs to be done to track corrective action to ensure that FEMA has an up-to-date outlook of national preparedness.

I look forward to hearing from you, Mr. Manning, on how FEMA plans to improve oversight of the Homeland Security Grant Program and track the status of corrective actions made by Federal departments.

And I want to again thank Chairman Paul for providing us this opportunity to discuss these important issues and our witnesses for taking part in the discussion. It is my hope that when we leave here today, we have concrete ways to improve preparedness efforts for first responders, strengthen oversight of the FEMA programs, and deliver our Nation's priorities in the most efficient and effective ways possible.

Thank you.

Senator PAUL. Thank you.

Our first witness today will be Mr. Timothy Manning from FEMA. Mr. Manning is the Deputy Administrator for FEMA for Protection and National Preparedness. Before his confirmation, he was head of the New Mexico Department of Homeland Security and prior to that, worked in a number of other emergency management and first responder capacities at the State and local level.

Mr. Manning, thank you for your testimony today.



**TESTIMONY OF THE HONORABLE TIMOTHY MANNING,<sup>1</sup> DEPUTY ADMINISTRATOR, PROTECTION AND NATIONAL PREPAREDNESS, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. MANNING. Thank you, Mr. Chairman, Ranking Member Baldwin, Members of the Committee. Thank you for the opportunity to speak with you today about how FEMA supports States in preparing for terrorism and natural disasters.

As a former first responder at the local and State level, I can assure you that we at FEMA remain committed to ensuring that our citizens and first responders have the tools they need to be prepared for the full range of threats and hazards. In the past year alone, the United States has experienced historic drought, malicious cyber attacks, extensive flooding, widespread wildland fires, mass shootings in Chattanooga, Tennessee, and San Bernardino, California, along with numerous other events. And the tragic events recently in Paris and Brussels show how important it is for us as a Nation to be ready to prevent, protect against, respond to, and recover from complex, coordinated terrorist attacks.

With such a wide-ranging array of threats and hazards, we must work together to leverage all of our collective resources at every level of government in order to achieve our goal of a secure and resilient Nation.

With that in mind, I would like to tell you about some of the things we are doing to address these challenges.

FEMA is working with every State and large urban area to identify their specific risks, set outcome-based targets, and assess their capabilities. They identify remaining gaps in their capability, which then drive investments across their jurisdiction and grants, but in local resources and in mutual aid planning. This ensures that FEMA's grant funds go to the most critical priority areas.

In 2015, FEMA provided \$1.6 billion in preparedness grant funds to address priority capability gaps. We analyzed State grant information alongside risk and capability data to ensure that grant dollars are being used effectively to enhance preparedness.

In addition to providing grant funds, the Agency works to help fill capability gaps through our training, exercise, and technical assistance programs. These programs aid first responders and emergency managers across the protection, prevention, mitigation, response, and recovery mission areas.

In 2015 alone, FEMA achieved over 2 million course completions across all of our training programs, which include the Center for Domestic Preparedness in Anniston, Alabama; the Emergency Management Institute and the U.S. National Fire Academy in Emmitsburg, Maryland; and our partnerships with the National Domestic Preparedness Consortium, the Center for Homeland Defense and Security; and our Continuing Training Grant (CTG) partners, such as the Rural Domestic Preparedness Consortium in Somerset, Kentucky.

We provide courses ranging from online introductory level to highly specialized hands-on training for responders in fire, medical,

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<sup>1</sup> The prepared statement of Mr. Manning appears in the Appendix on page 29.

and other disciplines, including the only federally chartered weapons of mass destruction training in the Nation.

As risks and threats continue to evolve, we must adapt our programs to meet those most pressing needs. FEMA continues to prepare for complex coordinated terrorist attacks, working with State and local jurisdictions, the Federal Bureau of Investigations (FBI), and private sector partners to assist communities through a series of counterterrorism awareness workshops, where participants from multiple disciplines discuss and analyze capabilities required to respond to an attack involving a coordinated assault against multiple targets. They work through scenarios to identify gaps in their current plans and capabilities and develop mitigation strategies. To date, we have delivered 23 workshops with participation from more than 5,000 responders and officials, most recently in St. Louis, Missouri.

Another example of how FEMA's preparedness programs adapt to address emerging threats relates to the exponential increase in the domestic rail shipment of crude oil since 2008, which has resulted in an increased threat of spills, explosions, and other incidents. FEMA collaborated with the 48 contiguous States, the Department of Transportation (U.S. DOT), the Environmental Protection Agency (EPA), and other components of the Department of Homeland Security to define the biggest capability gaps related to crude oil incidents. This allowed us to efficiently target Federal resources to the most critical needs.

FEMA offers multiple hands-on and virtual training opportunities related to hazardous materials and crude incidents through partnership with the Transportation Technology Center in Pueblo, Colorado, as well as training on the information materials from the Center for Domestic Preparedness in Anniston.

FEMA also worked with the U.S. DOT, the Coast Guard, and EPA to design and deliver an exercise series known as "Operation Safe Delivery," specifically addressing crude oil incidents. In total, nearly 1,500 responders from around the country participated in either a training or exercise related to crude oil incidents in 2015.

We also recognize that past events are not an accurate way to assess future risks. FEMA uses a capability-based approach to target resources so that jurisdictions around the country will be able to handle a wide range of incidents. We are currently analyzing the 2015 risk and capability data gathered from our State partners, and we will use that information to drive future decisions on training, exercise, and technical assistance, ensuring that we are effectively using our resources to target the highest priority needs. We look forward to working with you all to that end.

Thank you again for the opportunity to testify, and I look forward to any questions the Committee may have.

Senator PAUL. Thank you.

Our second witness is Mr. John Roth, the Inspector General of the Department of Homeland Security. Mr. Roth was confirmed in 2014 after 2 years of service as the Director of the Office of Criminal Investigations for the Food and Drug Administration (FDA). Prior to his work at the FDA, he served with distinction for some 25 years at the Department of Justice in assignments ranging from

counter-narcotics to disrupting terrorist financing and in places ranging from eastern Michigan to Paris, France.

Thank you for taking the time for your testimony today.

**TESTIMONY OF THE HONORABLE JOHN ROTH,<sup>1</sup> INSPECTOR  
GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. ROTH. Good afternoon, Chairman Paul, Ranking Member Baldwin, and Members of the Subcommittee.<sup>1</sup> Thank you for inviting me here to testify today. My testimony today will discuss our audit work with regard to FEMA preparedness grants.

FEMA Homeland Security Grant Programs assist States in preparation for terrorist attacks, major disasters, and other emergencies. FEMA is responsible for partnering with States to coordinate grants, training, and exercise to help ensure preparedness. These grant programs fund a range of preparedness activities, including planning, organization, equipment purchases, training, exercise, and management and administration.

From fiscal years (FY) 2009 to 2014, FEMA allocated \$7.6 billion in these grant funds to assist grantees in achieving program goals. We have completed audits of FEMA grants in 58 States and territories. In most instances, with some notable exceptions, the grantees administered the grants effectively in conformance with Federal law. However, as with any large, diverse program, we continue to identify issues in awarding and expenditure, monitoring, and management of the grants. The issues we have found are best described in five categories.

First, poor development of metrics. We found that many States did not develop fully measurable and achievable goals and objectives. Rather, they had many broad-based goals and objectives, with no timelines for completion and few concrete measures to determine if the goals and objectives were met.

Second, incomplete or non-existent State assessments of risks and capabilities. To help make smart decisions on how best to use their grant funds, States need to do a better job of annually assessing the unique risks to preparedness they face and develop appropriate capability targets to address them. FEMA, in turn, needs to make sure that it reviews the State assessments for accuracy and completeness.

Third, untimely obligation of funds. We found numerous instances of FEMA awarding grants, but then the States delaying in distributing the money to the recipient of the grant. We have had a number of instances in which months and sometimes over a year would pass before the States awarded the funds to the subgrantees.

Fourth, insufficient management controls. States are required to monitor subgrantees' activities to ensure compliance with applicable Federal requirements. However, we have found a number of instances in which the State had not adequately managed the grant process, leading to a lack of assurance that the funds were being spent wisely.

Last, improper expenditures. Our audits have found examples of improper expenditures. These grants are awarded so that States and local agencies can prevent, prepare for, protect against, and re-

<sup>1</sup> The prepared statement of Mr. Roth appears in the Appendix on page 38.

spond to acts of terrorism, major disasters, and other emergencies. However, we found that grant funds were not always spent for their intended purposes or well supported.

While FEMA has worked to improve its grant processes and oversight, our audits continue to find the same issues in State after State. Of our 490 audit recommendations resulting from these 58 audits of States and territories, 91 percent of the recommendations identified similar challenges year after year.

Notwithstanding this, FEMA had not taken the lessons from our audits to create a systemic and institutional change in the manner in which it oversees the program. FEMA simply tracks specific audit recommendations but has not taken the extra step of proactively analyzing the audits to discover trends, engage in a root-cause analysis, and implement corrective action over the entire program rather than State by State. Thus, FEMA and the States are repeating the same mistakes over and over again, and we cannot be assured that the money is being spent appropriately.

FEMA resolved only 4 of the 333 recommendations related to program oversight—less than 2 percent—through permanent changes to the Homeland Security Grant Program. This shows a troubling lack of commitment to program oversight.

Given the risks and expense of the Department's FEMA preparedness grants, we have continued our audit efforts in this area. For example, we recently conducted a risk-based analysis to determine the highest priority grantees for our next round of grant audits.

Fortunately, FEMA has agreed to develop and implement a comprehensive plan for conducting an ongoing analysis of recurring audit recommendations. This plan will include clearly delineated roles and responsibilities along with policies and procedures for determining trends and systemwide problems, as well as recommending solutions to improve oversight of grant programs. It expects to complete this plan by December 2016.

Mr. Chairman, this concludes my prepared statement. I welcome any questions you or other members of the Subcommittee may have.

Senator PAUL. Thank you.

Our third witness is Mr. Chris Currie from the Government Accountability Office. Mr. Currie is the Director of Emergency Management, National Preparedness, and Critical Infrastructure Protection for the Homeland Security and Justice Team at GAO.

Thank you for your testimony.

**TESTIMONY OF CHRIS CURRIE,<sup>1</sup> DIRECTOR OF EMERGENCY  
MANAGEMENT, NATIONAL PREPAREDNESS, AND CRITICAL  
INFRASTRUCTURE PROTECTION, HOMELAND SECURITY  
AND JUSTICE TEAM, U.S. GOVERNMENT ACCOUNTABILITY  
OFFICE**

Mr. CURRIE. Thank you, Chairman Paul, Ranking Member Baldwin, other Members of the Committee today. It is an honor to be here to talk about GAO's work on national preparedness. I think it is important to first talk about the progress FEMA has made over the last decade.

Before 2006, FEMA was not responsible for national preparedness. The Post-Katrina Act of 2006 changed that. It gave FEMA several broad responsibilities in this area: first was to implement the National Preparedness System across all levels of government; second was to assess the capabilities and preparedness of State and local partners; and third was to manage and provide all of the Department of Homeland Security preparedness grants to these partners.

Now, progress across these areas has been mixed. FEMA has made progress in establishing the structures necessary to coordinate preparedness across Federal departments. For example, FEMA re-issued the National Response Framework in 2013. This set up the 15 emergency support functions (ESFs), that deliver response capabilities and designated a lead Federal department as coordinator for each ESF as well.

To test these functions, FEMA has conducted numerous exercises to identify capability gaps and identify lessons learned from real-world disasters. Challenges still exist in this area, though.

FEMA cannot direct other Federal departments' preparedness efforts or resources. It relies on coordination to do that. For example, FEMA coordinates national exercises, but we found that other agencies do not always report back on actions they took to close the gaps identified during these exercises, as Senator Baldwin mentioned in her opening statement.

We also found that ESF coordinating agencies like DOT lacked guidance from FEMA on what actions they were supposed to take to demonstrate preparedness. We recommended that FEMA better track these open corrective actions and provide guidance to other departments to help them in their respective areas. Now, FEMA has implemented some of the recommendations and is taking steps to close the rest of them.

Now, switching to preparedness grants, the story has not been quite as positive. First, we found a risk of duplication and a need for better coordination across these preparedness grants. These grants share similar goals, they fund similar projects, and they sometimes provide funds to the same grantees.

To be fair, in some ways they were designed this way, but we found that FEMA lacks the data and the controls to review and compare grant applications across programs which risks unnecessary duplication. We recommended that FEMA collect more information to fix the problem.

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<sup>1</sup> The prepared statement of Mr. Currie appears in the Appendix on page 50.

FEMA has taken some steps to temporarily patch this problem with updates to its current grant management system. However, the Agency's long-term solution to this problem really hinges on full implementation of its new Non-Disaster Grant Management System. However, this system has been delayed for years and is now not expected to be in full use until sometime next year. As a result, our recommendation likely will not be addressed anytime soon.

I would also like to talk about assessing State and local capabilities and measuring the impact of grants. Mr. Roth talked about this as well. It is true it is difficult to measure preparedness and assess capabilities, but it is not impossible. And with over \$40 billion provided since 9/11, it is also very important.

FEMA has taken steps to assess capabilities such as requiring States to complete annual preparedness reports and rolling these all up into one big yearly national preparedness report. It has also developed a tool that States can use to assess their risks and capability needs. These are good steps since States are in the best position to assess their needs and risks. However, when it comes to allocating the grants, FEMA relies on States to self-report their capability requirements and level of preparedness rather than a quantitative standard across jurisdictions. This makes it difficult to ensure that data are both accurate and comparable across States. It also makes it difficult to ensure grants go to the areas of greatest need across the country.

We have recommended that FEMA complete a more quantitative national preparedness assessment of these capability gaps at each level and direct grant funding accordingly. However, FEMA disagrees with this approach and does not plan to address this recommendation as we have written it.

This completes my prepared remarks. I would be happy to answer any questions you have.

Senator BALDWIN. I would like to introduce our last witness this afternoon. John Drake is Deputy Administrator of the Pipeline and Hazardous Materials Safety Administration (PHMSA), at the U.S. Department of Transportation. In his work as Deputy Administrator, Mr. Drake helps protect people and the environment by advancing the safe transportation of hazardous materials. PHMSA regulates the operation of 2.6 million miles of gas and liquid pipelines and 1 million daily shipments of hazardous materials by land, sea, and air.

Before joining PHMSA, Mr. Drake served as the Deputy Assistant Secretary for Transportation Policy at the U.S. Department of Transportation where he oversaw policy implementation with a specific focus on freight, surface reauthorization, and safety policy. Mr. Drake also worked as the Director of Governmental Affairs at the Federal Motor Carrier Safety Administration.

Before joining the U.S. Department of Transportation, John Drake was a Capitol Hill staffer for nearly a decade, working on the Senate Committee on Commerce, Science, and Transportation and the House Committee on Transportation and Infrastructure. He holds a bachelor's degree in philosophy from the University of California at Santa Cruz.

Thank you so much for being here. We look forward to your testimony.

**TESTIMONY OF JOHN DRAKE,<sup>1</sup> DEPUTY ADMINISTRATOR,  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINIS-  
TRATION, U.S. DEPARTMENT OF TRANSPORTATION**

Mr. DRAKE. Thank you, ma'am, and good afternoon. Chairman Paul, Ranking Member Baldwin, and Members of the Subcommittee, thank you for inviting me to testify before you today on the Pipeline and Hazardous Materials Safety Administration's efforts to ensure the safe and reliable transport of hazardous materials by rail and prepare first responders for emergency incidents involving derailments.

Every day, more than 6 million tons of energy products and other hazardous materials move across our Nation. Many of these materials, like lithium batteries, pesticides, fertilizers, gasoline, and cleaning products, are essential components to our daily lives. But an unplanned release of any one of these materials can have deadly consequences to our communities and cause unacceptable harm to our environment. That is why it is the mission of PHMSA to advance the safe transportation of energy and other hazardous materials.

In recent years, PHMSA, along with the Department of Transportation, has been focused on the significant increase in the amount of crude oil being transported by rail. This increase has affected communities along rail lines in many ways—from increased traffic at grade crossings to concerns about leaks, spills, derailments, and other incidents. Further, these oil trains are also carrying larger volumes of crude oil per train than ever before.

Safety is the Department of Transportation's top priority. That is why we have taken more than 30 actions over the last 2 years to ensure the safe transportation of crude oil. Most recently, PHMSA, working in coordination with the Federal Railroad Administration, issued a comprehensive rule that adopted new requirements designed to reduce the consequences and help reduce the probability of accidents involving trains transporting large quantities of flammable liquids, like petroleum and ethanol products. These new requirements cover everything from approved tank car design to new operational requirements, including speed requirements, braking systems, and routing.

This work builds on this agency's previous actions to help ensure that communities and emergency responders are prepared in the event of a derailment. For example, we work closely with local law enforcement, emergency responders, and hazardous material professionals to share information and support their efforts to prepare for and respond to incidents involving hazardous materials.

We also have a grants program that provides approximately \$28 million per year to States, tribes, and emergency responders to help prepare for and respond to hazardous material incidents, including pipeline spills and train derailments. These grants support critical training for emergency responders and other hazardous ma-

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<sup>1</sup> The prepared statement of Mr. Drake appears in the Appendix on page 68.

terials professionals who may be called on to respond to an incident.

We also recently released a document called the Transportation Rail Incident Preparedness and Response (TRIPR), which is a training document that is a free resource developed in coordination with FEMA and other public safety agencies at the State and local level that leverages the expertise of responders and operators to help better prepare first responders to safely manage hazmat incidents.

Other collaborative emergency training efforts include PHMSA's work with FEMA and the U.S. Fire Administration to develop Guidelines for Public Sector Hazardous Materials Training that establish the most current standards to improve the quality and comprehensiveness of hazmat training for local and State first responders.

We also work with Canada and Mexico to prepare the Emergency Response Guidebook, the go-to manual for first responders that is essentially the first and primary document that they will use in responding to a hazmat release.

Finally, we are grateful for the support to our mission provided in the recently enacted FAST Act. This act provides provisions that validate many of our most recent actions and support to improve the safety of oil trains and also includes new provisions that will help us better prepare communities going forward. We are working aggressively to implement these provisions.

Keeping communities safe requires constant vigilance, a comprehensive approach to safety, and an openness to the use of new technology. We look forward to working with you all and the other Members of Congress to continue to advance our important safety mission and ensure America's communities are well prepared to deal with emergencies involving hazmat.

Thank you again for inviting me to appear, and I look forward to your questions.

Senator PAUL. Thank you all.

Mr. Manning, in the Inspector General's testimony, he reports that FEMA only resolved 4 of the 333 recommendations related to program oversight, less than 2 percent, through permanent changes. His conclusion is that this shows a troubling lack of commitment to program oversight. Your response?

Mr. MANNING. Thank you, Mr. Chairman. I think I would respectfully disagree with my colleague from the Office of Inspector General. We have made a great deal more changes to programmatic design. The entire development of the National Preparedness System, and the elements that with the grants are designed to achieve were all made with the intent of addressing issues that have recurred through audit findings and through technical assistance and working with our partners at State and local governments with the grantees.

While maybe four major changes have been made to the funding announcements to the grant document, a great deal of the findings come, I believe, from matters of training with the grantees, a matter of interaction with the grants management staff at the grantee level, and we have carried out a great number of technical assistance visits and interactions with the grantees to account for those



issues and to continue to change the way we do technical assistance through really all of those programs.

Senator PAUL. Is there a way to objectively measure whether or not we are achieving our goal or whether or not we are wasting less money, Mr. Roth.

Mr. ROTH. It is difficult to do that given the nature of the enterprise or the exercise that they are conducting. What FEMA has done is put together a process in which they attempt to measure what the gaps in the preparedness are and what the States can do to meet those gaps. And I know GAO, for example, has done some work with regard to that as well.

Senator PAUL. Mr. Currie, you mentioned in your testimony that you believe that there did not seem to be an indication that FEMA was interested in the reforms. Do you have a suggestion for how we would have FEMA become more interested in the reforms?

Mr. CURRIE. You are talking about the assessment of capabilities.

Senator PAUL. Right.

Mr. CURRIE. We have been talking with FEMA about this for years, and in some ways part of what they are doing is part of, I think, a system that we think would work effectively. You start at the State and local level. You assess the risks. You see what their capability needs are, and then you work your way up to some sort of quantitative measure across jurisdictions so you can see where the capability gaps are and then give out the money accordingly.

I think one of the things that we have found is that there is a lot of reliance on the States' own self-reporting of their risks. And as Mr. Roth's work has shown, in looking down into the grants, sometimes those risk assessments are not done completely and are not identified. So we are not sure how you can allocate the money based on risks if those things are not identified.

Senator PAUL. Mr. Roth, do you believe that any of the money through the grant system is supplanting sort of the ordinary costs that police and firemen do and somehow they are becoming dependent on that for things that maybe should be raised through local taxes?

Mr. ROTH. We certainly have found examples of that in a number of the audits that we have conducted, that once you sort of dive in and look at what the money was actually spent on, it was not justified as part of the grant program. For example, overtime for police officers in certain jurisdictions was not there to protect critical infrastructure, which would have been a permitted cost, but, rather, overtime for other ordinary kinds of things. Likewise with asset purchases, many times the asset purchases would have a law enforcement utility to it but not a preparedness function.

Senator PAUL. Right. I guess the problem is—and I think you are all sincere in trying to eliminate waste. I do not think anybody is trying to waste the taxpayers' money, so I do not question sincerity, but I see this waste throughout government. We have a waste report we put out every week. We find it everywhere. Every department has got it. And then we find people who say, "Well, we are going to root out military waste, but we are going to give the military \$100 billion more in money." I frankly think you are not rooting out any waste unless there are limited, finite resources. So if I am the mayor of a city of a million people, I only have a certain

amount of money, so I have to prioritize it. So I am better at ferreting out waste because I have an incentive, and I think that is part of our problem with government as a whole, is that we really do not feel like we have finite resources. And we say, well, it is for homeland security so we give more money, or it is for emergency management and we give more money. And I think maybe it is restricting the amount of money in order to find the waste, and then maybe we would listen to those who are talking to us about waste because we would have a finite amount of money.

I have another question for Mr. Manning. The government has been paying for some of these Stingray cell towers. Are you still doing that with FEMA money?

Mr. MANNING. Yes, sir.

Senator PAUL. Do you know how many?

Mr. MANNING. My information is that since the beginning of the grants program, 10.

Senator PAUL. OK. A lot of us who are concerned about privacy are worried about, watching people and following them without warrants. The Maryland Special Court of Appeals ruled that people have a reasonable expectation that their cell phones will not be used as a real-time tracking device by law enforcement. I think the Federal Government has gone in a positive direction in that you are only using warrants. It is my understanding that local government is still able to use these without a warrant. And like many things that were intended for terrorism, they wind up being used for all kinds of other petty crimes.

Is there anything that FEMA is doing to protect the civil liberties of those from local law enforcement using these devices without warrants?

Mr. MANNING. Mr. Chairman, in regards to these particular pieces of equipment, they are on the authorized equipment list that we have developed with law enforcement and the Department of Justice. Their legal use is the responsibility of the law enforcement agency that acquires them with the grant, and they are subject to the provisions and oversight of the Department of Justice. It is their responsibility to use any equipment obtained under these grants legally and consistent with Department of Justice civil liberties regulations. Where we find instances where that has not been the case—we have not in the matter of this equipment—we can require them to pay all that money back on top of whatever punitive actions the Justice Department—

Senator PAUL. I guess the determination would be what is legal and what is not legal.

Mr. MANNING. That is correct, sir.

Senator PAUL. The Federal Government decided that, according to this one court opinion, it is not, and they are not doing it, but it is still left open for local law enforcement to do this without warrants. And I think since we are using Federal money, there would be no reason why the administration could not actually demand that of local law enforcement since we are paying for it with Federal money.

Mr. MANNING. Mr. Chairman, that is an interesting suggestion, and the matter of the legal use of the equipment is one of the De-

partment of Justice, but I will contact my colleagues in the Department of Justice and——

Senator PAUL. We will look at it from the legislative perspective, but I would appreciate it if you would look at it simply from the administrative perspective because it could be something—the decision for Federal officers to get warrants was done simply unilaterally by the administration. I think this could be done as well. And if you would just give us an answer from our office, I would appreciate it.

Senator PAUL. Senator Baldwin.

Senator BALDWIN. Thank you.

Mr. Drake, again, thank you for being here today. As you noted in your testimony, there have been significant increases in the number of trains carrying crude oil and other hazardous materials. I certainly hear a lot from constituents who are along the railways that cross Wisconsin.

As I mentioned in my opening statement, I was proud to author a provision in the highway bill that ensures local first responders have real-time information when hazardous materials are going to be traveling through their communities in their jurisdictions of responsibility.

So you had mentioned in your testimony that PHMSA will publish a Notice of Proposed Rulemaking to address this mandate in July. And as you know, the FAST Act gives the Department of Transportation a year to issue this regulation, so I want to ask if you are confident that you will meet the December deadline.

Mr. DRAKE. Thank you for the question, ma'am. So a lot of the work that we have done up-to-date currently has been in working with FEMA and other stakeholders involved in trying to map out the framework by which this proposed regulation will be written. And so at this point in time, my answer to you is, yes, we feel confident that we are going to be able to meet the December timeline.

Senator BALDWIN. OK. The highway bill also directs the U.S. Department of Transportation to implement rules requiring railroads to improve their worst-case oil discharge response plans as soon as possible. DOT first issued a notice on revisions to comprehensive oil spill response plan requirements in 2014, and in your testimony you state that PHMSA estimates the agency will publish a draft Notice of Proposed Rulemaking in June 2016.

Can you please let me know when we can expect a final rule on oil spill response plans for high-hazard flammable trains (HHFT)?

Mr. DRAKE. So there is currently a regulatory proposal that is under review at the Office of Information and Regulatory Affairs (OIRA). It is an interagency review, and I think there may be some confusion in the testimony I submitted, and if so, I apologize. But in 2014, we issued a Notice of Proposed Rulemaking (NPRM) looking at the appropriateness of expanding the oil spill response plans for the railroad industry. That proposal is currently under review with OIRA. They have approximately 90 days to review it, and then I hope that we should have something out very soon afterwards. But this is something that we started along with the HHFT rule, and it is something that is very important for us getting done.

Senator BALDWIN. Thank you.

In your testimony you also discussed that PHMSA is working with FEMA to implement and maintain support systems to help State and local training offices improve the quality of training, including needs assessment and testing. So I would like you to elaborate, if you can, on the needs assessments that FEMA and PHMSA are working with the States on. What specifically goes into those assessments? And how are they followed up on?

Mr. DRAKE. We do a lot of coordination work with FEMA specifically on the hazardous materials release side of things. A lot of the materials that we develop, a lot of the preparedness planning that we do is done in coordination with FEMA because oftentimes they do play a very important role in our efforts.

To your question specifically, there are a number of products that we have put forward, for example, the pipeline accident spill response plan, also this new document, the Transportation Rail Incident Preparedness and Response (TRIPR) training resource as well, that is developed very much in coordination with them. And the idea there is to provide as best we can specific tools and resources that help first responders better act and better respond to hazmat releases.

Senator BALDWIN. OK. Mr. Manning, as you know, FEMA serves as the coordination and policy agency in response to train incidents involving hazardous materials. As I understand it, FEMA is currently finalizing its Oil and Chemical Incident Annex to the operation, response, and recovery plan to further clarify responsibilities in this area. Can you discuss this annex and the date you expect it to be complete?

Mr. MANNING. Yes, Senator. The annex is an annex to the Federal Interagency Operations Plan, which is a document subordinate to the National Response Framework, and these are documents that describe how the Federal Government comes together to deliver assistance to a Governor when they would request it in times of emergency. These plans are executed by FEMA, drafted by FEMA on behalf of the interagency, so they are a governmentwide plan.

This particular document is in its last stages of review on comments received across the interagency. I do not have a hard date, but we expect it very shortly, I would expect maybe in the next few weeks, certainly within the month, as I understand.

Senator BALDWIN. Within the month, thank you.

I appreciate the training that FEMA provides to first responders. That is why I remain concerned about significant proposed cuts to FEMA's preparedness programs in the President's Fiscal Year 2017 budget request, particularly a 63-percent cut to the National Domestic Preparedness Consortium.

You mentioned this program specifically in your testimony as an important component of our preparedness efforts, and as you know, this consortium funds the crude by rail training program.

How does FEMA plan to address this gap in training if the President's request ends up being enacted?

Mr. MANNING. Well, Senator, the President's 2017 budget request reflects difficult decisions, balancing priorities across the entire homeland security enterprise. Their training regime across the entire homeland security world, with our close partners in the Na-

tional Domestic Preparedness Consortium, as you mentioned, but we also have a number of other partners and assets between the Center for Domestic Preparedness (CDP) and our continuing training grant applicants, and a great number of partners in State and local governments who are increasingly using grant resources from other programs you have heard of before earlier today to do more training.

Just in the last few years, for example, the Transportation Technology Center (TTCI), has run 856 people through their crude oil training. CDP has had an additional 300 students through their crude oil-specific training. The Center, based in Kentucky, has had more than 8,000 people go through rail training, and the International Association of Fire Fighters (IAFF), for example, with grants that they received from us have done almost 6,000 offerings of hazardous materials training as well.

We are constantly balancing the requirements against all different threats and hazards across the country. You have heard a number of references to capability gaps. In our evaluation of capability gaps, we look at capability as a combination of the people, training to do a job, and the equipment to do that job. And when we evaluate those capability gaps, it may be the right number of people and the right amount of equipment, but the wrong training. So we focus resources on getting additional seats available for people to get trained in a particular subject matter.

Other areas, there may be the right number of people in training, but they are absent equipment, so we focus the grants on particular lines of equipment to build that capability.

So as we continue to work with these difficult decisions across balancing funding priorities, we have to continue to use the tools that we have developed through this National Preparedness System to apply the resources where we think we can get the most effective and most efficient use of those funds.

Senator PAUL. Senator Heitkamp.

#### **OPENING STATEMENT OF SENATOR HEITKAMP**

Senator HEITKAMP. Thank you, Mr. Chairman, and thank you for including me in this hearing although I do not sit on this Subcommittee, but this is a topic that is near and dear to my heart. I want to point out, Mr. Manning, North Dakota was the site of a spectacular oil train fire. The first responders there were, in fact, volunteers, and our fire chief, Tim McLean, when I asked him what was the single most important kind of training that you had, he said the preparedness training that was done by FEMA.

I think that when we are looking especially with an interstate carrier—and I am sensitive to the Chairman's comments about what is the Federal role and what is the State role. But as a former tax collector, I know that I ran into the 4R's Act. You probably do not know much about it, but it greatly restricted how States could, in fact, tax railroads and other kind of common carriers, whether pipelines or railroads. And my point is that they did that because they wanted a system of interstate carriers, and they knew that this was a role under the Interstate Commerce Clause. But it also means that if you are going to restrict the funding sources, you may have to rethink, as you said, your tough choices.

I share Senator Baldwin's concern that this training that Chief McLean talked about, which was so critical to his ability to respond in a way that not only protected his community but protected the lives of his firefighters, is something that is on the chopping block, especially in the context of an interstate carrier.

And so I just want to tell you that I have a lot of concerns about a budget proposal that does not adequately fund these grant programs, and we are going to be fighting pretty hard to make sure that especially as it relates to the movement of hazardous material in interstate commerce, that the Federal Government sees their role a little differently.

I want to raise an issue that I have been raising since I have been here. I probably come to it a little honestly given that my father was a volunteer fire chief in a small community for about 25 years. The vast majority of land in the United States is covered by a volunteer fire force. In fact, in North Dakota, about 96 percent of all firefighters are volunteers who do not get paid a dime. But we do not want them untrained either. What they do is hazardous.

I want to make sure that we have the tools that we need. Some of those tools are these grants, and I am concerned, as Deputy Secretary Mayorkas heard, in my State that these programs are difficult for volunteers to navigate. And I am wondering either for you, Mr. Manning, or you, Mr. Currie, if you could respond to how you could fashion a grant program, provided we still have it, that could take some of these high administrative costs—frequently in these small grants, the money does not go where it belongs, in part because you guys are holding them accountable, and we applaud that, the two gentlemen in the middle [referring to Mr. Roth and Mr. Currie]; but we do see high administrative costs, high costs to apply for the grants, low dollar amounts, which then get spread out over services in a much narrower fashion.

So I am wondering whether you guys are looking at what you can do for the rural firefighters to make those grants more accessible.

Mr. MANNING. Thank you, Senator. I myself was a volunteer firefighter for most of my life, actually, before I came to Washington, and I am very cognizant of how difficult it can be to interact with State and Federal Government requirements on a part-time basis, manage that nights and weekends on top of a full-time job. And that said, as you rightly pointed out, we have a responsibility at FEMA and in the Federal Government to ensure that grant money is being used appropriately and we are reducing or eliminating any possible waste or duplication.

But we are absolutely committed to making the programs as efficient and easy as possible while balancing those needs and those requirements. We are constantly evaluating all of our policy, the promulgation of new rules and policy and grant applications and the grant processing and the things like the Biannual Strategy Implementation Reports (BSIRs) and all of the reporting things you have to do with getting a grant, with how can that be done by somebody, potentially, in the wee hours of the morning, on an old computer, with maybe a poor Internet connection. It would be very easy to just have a system where everybody, just kind of interacts online, but the reality is most fire departments in the United

States and most emergency management organizations and most communities do not have that infrastructure.

So we are absolutely committed to balancing both the oversight requirement and making sure that we appropriately adjudicate all of the audit findings and the things that our colleagues find when they are doing site visits with the efficiency with which the grantees can interact with us in those matters.

Senator HEITKAMP. I think many times for the smaller agencies, it becomes a non-starter, and as a result, we see old equipment, unless the community steps up, as many communities in my State have, to provide the resources. But we should all be thinking about what the fire service looks like into the future, because we are seeing fewer and fewer volunteers stepping up. We are seeing fewer and fewer folks willing to, leave their work or they do not work where the fire service is in their community. And this is going to be a challenge going forward, and if we reduce the training support that we receive from FEMA and from PHMSA, if we reduce the incentives—because no one is going to want to fight a fire without training, or they should not want to fight a fire without training—we will be jeopardizing kind of a critical piece of infrastructure in this country that we have relied on for a lot of years.

I want to thank the Chairman and the Ranking Member for holding this hearing, and put on everybody's agenda the volunteer fire service and the challenges that we have. The vast majority of area in this country is covered by a volunteer fire service, and if we are going to continue to maintain that critical first response, we are going to need to work together to fashion opportunities for the future.

Thank you, Mr. Chairman.

Senator PAUL. Thank you, and we will ask a few more questions and wind up here.

We have so much waste throughout government. I have a great deal of admiration for the Inspectors General and the GAO to look at the waste, but I find that it continues and that I do not see a lot of connection to actual reform, that we actually fix things. For years now, watchdogs have said that there is as much as \$10 billion worth of duplicate spending in government, and yet it continues.

I get back to sort of what I said earlier. Is there really a mechanism by which we can enforce reform and actually make it work? Do you have suggestions on how we would fix government from the standpoint of getting those who are watching over government to actually get policy implemented? Why don't we start with you, Mr. Roth?

Mr. ROTH. Thank you for that. One of the things that we have found in the course of doing a number of these audits with FEMA is that we will make a finding of questioned costs, for example, against a subgrantee. The FEMA Administrator has the ability to waive our finding, basically not go against the State or the locality to recollect the money that was misspent. We think that authority is being used in a fashion that really is counterproductive in that the States and the localities really have no incentive to spend the money correctly. So we will find an instance, for example, where a bid was not put out for competitive bidding, for example, it was

a sole-source contract or was a contract where it was cost plus a percentage of cost that was simply let. And, when you do not have the money at stake, it is, frankly, quite easy to do that. So we will make a finding——

Senator PAUL. Would you say this is common across agencies then, not just FEMA? Are there other agencies that have the same kind of waiver system for making either mistakes on no-bid contracts or overpaying for something or paying for something that was inappropriate? Would that be a bigger problem than just with FEMA?

Mr. ROTH. Well, certainly in the grant area, I think it is a significant problem.

Senator PAUL. OK.

Mr. ROTH. And, again, I was speaking directly about the Administrator's authority to simply waive those costs and those findings. But, certainly, in our other sort of acquisition work, we have found those kinds of things to be problematic, although I will have to say that DHS as an entity is improving in those areas. For example, sole-source contracts for DHS have actually decreased over time in a fairly significant way.

Senator PAUL. Mr. Currie.

Mr. CURRIE. Yes, sir. In general, I think part of the problem is a lot of these problems are so large and complex and they are not easy to fix. It is not that folks do not want to fix them. And I will give an example.

When FEMA was given all of the preparedness grants that used to be scattered throughout DHS after 2006, it had to figure out how it was going to manage all these, and it did not have the information technology (IT) systems to do that. So one of the things we found, obviously, is that they do not have a way to review across grant applications because they were all separate grant programs. And so implementing a new system is challenging, it is expensive, and it is complex.

But because of that, these issues require sustained, long-term oversight and attention, and that is one of the things we have seen in our work. It is not until it is said over and over and over again and the Congress says it over and over and over again, and an agency starts paying attention to it and dedicating resources and effort to it that oftentimes it changes. But it does not happen quickly, and I think this is a good example.

Senator PAUL. Right. I like the idea on the waivers, and when you finish up your reports and you do it, do you come up with conclusions like that on legislative ways? Or is that not your mandate, legislative ways to fix problems?

Mr. ROTH. We typically do not. We recommend certain things to the Department because that is our oversight capability. Sometimes we will recommend that the Department try to get legislative fixes, but it is largely mostly recommendations to the Department to change the way they operate.

Senator PAUL. Mr. Manning, do you have a comment on the waiver idea?

Mr. MANNING. Well, Senator, I think that we use the waiver judiciously and appropriately. When we are made aware of examples from the IG or become aware on our own accord of matters of in-



tentional or malicious—or fraud or waste or where there are cases where regulations were flaunted by a grantee, we recoup those funds. We have many examples of when we do that, probably more often than when we waive them. The example I heard I believe is probably from the public assistance program where there is more contracting in disaster rebuilding programs. In those cases, it is a much more complicated web of authorities and responsibilities and grantees and subgrantee relationships. I would be happy to speak with the IG on specific examples, but there are many that we go back and forth on, absolutely.

But I want to say that we are absolutely committed to adjudicating audit findings as they come along. The 596 recommendations you heard referenced earlier, we have closed 93 percent of those. We were focused on closing those audit findings as they came up over the course of the 9 years of those audits that led to that number. Along the way we made programmatic changes. We continually make programmatic changes to both the training to the grantees on how to carry out the Federal requirements and the way the regulations are structured, but also the way the larger government policies that are being carried out by these grants are structured to make them more easily achieved by the grantees, to make the audit findings fewer. Absolutely committed.

Senator PAUL. Are either of the Inspectors General or those who are auditing aware of recent instances where there have been inspections that have been done where we have actually gone forward with legislative overhaul and significantly used your recommendations to actually reform any agency?

Mr. ROTH. We have in a number of areas, for example—and this is one just off the top of my head—radio interoperability. DHS did not have the ability, the subcomponents within DHS, to talk to each other on a common radio channel, notwithstanding the fact that one of the reasons that DHS exists is to, in fact, have that unity of effort.

We have done two separate audits of those. The first audit showed a 99.8-percent failure rate in the ability to talk to each other. Two years later, we came and saw that the situation was not particularly improved. As a result of that, legislation was passed at the end of last year mandating essentially congressional reports, so enhanced oversight by Congress, as well as specific guideposts to try to get toward interoperability.

Senator PAUL. Thank you, and thank you to the panel. Senator Baldwin.

Senator BALDWIN. I have a question regarding metrics and standards. FEMA obviously is the Federal leader in assessing our Nation's capability to respond to disasters, and it is vital that FEMA have end-to-end standards and metrics and assessments for how actions taken by Federal, State, and local partners contribute to the National Preparedness Goal (NPG).

I think you did a good job, Mr. Manning, in your testimony of laying out the threat and risk assessment that FEMA requires States to conduct as the State and national preparedness reports that come from those assessments. However, I want to make sure that we are continuously evaluating the metrics and that we have

in place, to make sure that we are always making progress toward our National Preparedness Goal.

So I want to start actually with you, Mr. Currie. In your assessment, how effectively has FEMA integrated grant program metrics with its evaluation of progress toward the National Preparedness Goal? And what recommendations specifically would you have for FEMA to improve its metrics structure?

Mr. CURRIE. Well, one of the things that we have found is most of the metrics are what we would call output-based metrics versus the real outcome measures, and FEMA would probably debate that point. But output meaning we gave money to this and this jurisdiction, we know this jurisdiction purchased this, it was on the improved products list.

Now, I think there has been some effort from FEMA to try to tie those purchases and those investment justifications and grant applications to the core capabilities, those 32 core capabilities. But as I mentioned before, a lot of that is based on self-reported information and self-reported assessments by the State, which is not a bad thing. The State is in a good position to assess their own capabilities.

I think what we would like to see and what we have not seen so far is a more quantitative assessment by capability of each level so we can compare that across jurisdictions so we know when we have to give out \$1.6 billion across the whole country that we are giving it out to the areas where we need the capabilities the most.

Senator BALDWIN. Mr. Roth, I know you may not have looked into this issue specifically, given the timeframe of your audits. But if you do have information generally, how would you assess FEMA's overall metrics structure?

Mr. ROTH. We have not done that. What we have done really was take a look at the States, the grantees. What were their metrics? That is a requirement of the grant program to understand sort of what does success look like, how do you measure it, how do you get there. It has to be specific, time-bound, achievable, those kinds of things. And what we found almost universally is that the metrics that the States were using were none of those things, and FEMA had not been enforcing those kinds of metrics. So that is the only thing that we looked at. I know that we tried to separate some of our duties to not overlap.

Senator BALDWIN. Avoiding duplication is a worthy goal.

Mr. Manning, do you think there is room for FEMA to improve its metrics? If so, how? And, again, I am specifically referring to metrics for FEMA's individual programs and metrics for how those programs feed into the National Preparedness Goal.

Mr. MANNING. Thank you, Senator, and I can start with saying that, with a temporal caveat, I do not disagree with anything my colleagues here said. They are describing a situation that I think is accurate circa 2009 into 2010, which is why we developed the system that is put in place, this National Preparedness System where we are trying to achieve the goal.

There was no policy linkage between the outputs that the grants were achieving. States had individual homeland security strategies. Each State had a strategic plan for what they were trying to achieve. But there was no national overarching kind of arc over all

of those. You had 56 different strategies for the States, territories, and the District. And there was no linkage, and you could not compare.

Separately, there were national preparedness programs; there were things like the Target Capability List where there was an idea, as suggested by Mr. Currie, where there is a common set of metrics: Every jurisdiction should be able to do this much hazardous materials response, and everybody was working toward that.

The problem was they were divorced. There was no linkage between the two. The grants were allowed to be used to achieve those target capabilities—this X number of resources—but it was not specific to the jurisdiction. So to Senator Heitkamp's examples earlier, we would expect the same of a small community in North Dakota that we would of New York City or Chicago by that formulation of kind of standard targets.

So we developed an interconnected National Preparedness System, one of the goals being the capabilities that we use to define these things. Then the National Incident Management System is the language. Those are the words we use to commonly describe the resources across the country. And then the frameworks and the grants are kind of how we put those together. So this threat hazard identification process, the Threat and Hazard Identification and Risk Assessment (THIRA) that you hear so much about, that notion is that we know that risk does not aggregate across the country. We cannot look at the individual risk to Wisconsin and Michigan and Kentucky and Missouri and North Dakota and say here is the national risk. Those are individual risks. There is a different strategic level of risk to the Nation. But the capabilities do aggregate. Resources aggregate. So if we can look at what is important, what is valuable, what is the highest level of risk, the greatest threat to a community, and help that community build, that is the outcome we are trying to achieve, using the resources, the people, the training, the equipment, and time it takes to do it, that they can do a job in a certain amount of time against the threats that they have, that is this whole system—I am happy to provide more detail—then we can look at the Nation, what we have achieved, and we can aggregate those capabilities and apply them anywhere. We can take mutual aid resources—by “we,” I mean the Nation—from the west coast to the east coast, from Florida to North Dakota. We can come together as a Nation, leverage what we have built with these programs. No one jurisdiction will ever have enough. There is not enough money to ever build enough capability to deal with everybody's worst day. But we as a Nation can come together to deliver those resources, and that is the system we have put in place, and those are the outcomes that we are trying to achieve.

Senator BALDWIN. Thank you.

Senator PAUL. I had one final question. Is there a formal, oral, in-person presentation of inspector reports to the agency that you are inspecting?

Mr. ROTH. It is a process, but, yes, the answer is yes. We will have an entrance conference where we will sort of discuss with them what it is that we are going to try to do. During the course

of the audit, we will have constant communication with the agency or the component that is involved. At the end of it, there will be what we call an exit conference in which we describe what it is that we find and discuss what the potential recommendations would be. Then we write a draft report, which then goes to the component, and the component will take a look at it and decide whether or not it is factually accurate and whether our recommendations make sense and whether they are going to accept those recommendations or not.

That then gets turned into a final report, which is issued, given to Congress, and made public.

Senator PAUL. So the agency actually will respond in writing to your findings?

Mr. ROTH. Correct.

Senator PAUL. And so you present it to the head of FEMA. The head of FEMA will hear an oral presentation on your findings or—

Mr. ROTH. Typically not the head of FEMA. It is typically somebody who is a subject matter expert within sort of whatever component that we are looking at. I do brief the Secretary and the Deputy Secretary on our significant reports, and I typically try to have regular meetings with the component heads to discuss what work we are doing.

Senator PAUL. Right. And what is, I guess, your impression, either of you or any of you really, on—I understand it probably has to be somewhat adversarial because you have to be independent. In the end, does it always end up that way? Or is there a collaboration in trying to fix the problems based on the reports?

Mr. ROTH. Well, what we try to do is balance engagement and independence. So we will always be independent, and what I always say is that I am of no use if I am not independent. That is the whole purpose behind my existence.

That being said, we want to be able to work with the component, listen to the component, understand exactly what the challenges are before we make the recommendations, because it does not do anybody any good to have a recommendation that will be rejected out of hand by the component. But there is lots of disagreement, as you can imagine there would be. But we think that is an appropriate sort of level of engagement.

Senator PAUL. OK. I think we have learned a lot from it, and thank you all for your testimony.

The record for this hearing will remain open until 5 p.m., Tuesday, April 26, for any Members who wish to submit additional questions. And with that, the hearing is adjourned. Thank you very much, panel.

[Whereupon, at 4:16 p.m., the Subcommittee was adjourned.]

## A P P E N D I X

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Opening Statement  
Senator Rand Paul, Chairman  
Subcommittee on Federal Spending Oversight & Emergency Management  
Senate Committee on Homeland Security & Governmental Affairs  
April 12, 2016

I call this hearing to order. Good afternoon and welcome.

This subcommittee is charged with oversight over all federal spending, which we accomplish through hearings like this one and through regular reports provided to the committee and the public.

Today we are examining spending and waste at the Federal Emergency Management Agency, and the need for reforms to both protect taxpayers and serve them better.

Given that our government borrows nearly a million dollars a minute, and has a \$19 trillion debt, we can't afford to allow waste to persist in government.

Waste at FEMA and grant programs administered by FEMA has been described in detail by Senator Tom Coburn, the GAO, and the DHS Inspector General. One of our witnesses, Inspector General Roth, found in a report issued today that Maryland bought nearly \$70,000 worth of computer equipment that it did nothing with for nearly a year and a half.

In 2012, Senator Coburn reviewed one FEMA grant program and concluded:  
[T]he program is struggling to demonstrate how it is making U.S. cities less vulnerable to attack and more prepared if one were to occur – despite receiving \$7.1 billion in federal funding since 2003.

After ten years a clear danger for the Urban Areas Security Initiative (UASI) grant program is that it would be transformed from a risk based program targeting security gaps into an entitlement program for states and cities.

I don't think, to date, we've adequately corrected the deficiencies Dr. Coburn found.

Just last month Inspector General Roth also released a report on its 333 recommendations for reform of the grant programs at FEMA. Shockingly, FEMA has only made 4 permanent changes to implement those reforms. Despite recommendations for reform over a five year period, little in the way of reform has occurred.

Since our hearing in 2013 concerning FEMA waste, we continue to hear of waste including: \$280,000 for a Bearcat armored vehicle for Dover, N.H; \$1.7 million for unused radios and generators in Hawaii; \$174,000 for unused radios in D.C.

And every dollar wasted makes a difference to the taxpayers. Right now FEMA is more than \$20 billion in debt because of the flood insurance program. Disaster spending often far outpaces the annual funding Congress provides, leading to the need for supplemental funding every year or so.

FEMA has provided more than \$40 billion in preparedness grants since 2001. Those grants flow primarily to state and local agencies, who all too often use the funds for things they would never purchase with their own money, such as the 13 sno-cone machines former Sen. Coburn found were bought by some Michigan counties. Small communities are using the funds to buy armored vehicles. Local communities love federal grants because they don't have to tax their constituents to pay for the spending. The Federal government simply hides the grants in the massive \$19 trillion debt. For this reason we must be diligent in insisting that local communities' needs be largely paid for by local taxes.

A significant amount of this spending is also duplicative of grants available from other departments, such as the \$650 million handed out to local police by the Department of Justice last year.

I expect Inspector General Roth will give us much more insight into these problems today.

I and my office hear a lot about FEMA from our constituents. The most frequent complaints are about flood maps. [Insert anecdote about your friend who lives on the dam]. I hear that the updated flood maps aren't clear enough for county officials to make fully informed decisions. I hear that it takes far too long for counties to receive reimbursements for disaster recovery work. Fixing those problems is all the much harder when valuable resources are squandered elsewhere.

My hope is that at the end of this hearing the agency will leave here with plans for concrete steps to take and this subcommittee will find reforms we can recommend to the Senate to address these very real problems.

I am eager to hear what our witnesses have to say, but I would certainly welcome any comments that the Ranking Member may wish to make.

Sen. Baldwin?

**Opening Statement of Ranking Member Tammy Baldwin  
Subcommittee on Federal Spending Oversight and Emergency Management  
FEMA: Assessing Progress, Performance, and Preparedness  
April 12, 2015**

Good Afternoon.

Thank you, Chairman Paul for working with me to hold this important hearing to examine the Federal Management Agency's (FEMA) efforts to assist states in preparing for terrorism and natural disasters. I would also like to thank our witnesses for being here today.

We have learned from the attacks in Brussels, Paris and San Bernardino that we face critical and evolving threats as a nation. Not only do we face new risks of terrorism, but we also face ongoing threats of natural disasters, including floods, hurricanes and tornadoes.

FEMA is charged with the critical role of ensuring our first responders have the tools and resources they need to prevent, prepare for and respond to all hazards. For nearly forty years, FEMA has implemented robust programs to increase states' capabilities to protect against disasters. Notably, FEMA provides critical federal preparedness grant funding as well as real-time training and exercises for first responders.

I think all of our states, and indeed the country, have benefited from this critical assistance. However, as I have said in previous subcommittee hearings, we must continuously assess and evaluate our programs to ensure that we are addressing our Nation's priorities in the most efficient and effective manner possible. So thank you again for being here, Mr. Manning, to discuss ways that FEMA can continue to prepare first responders for new and emerging threats, as well as increase oversight of its programs.

One area of particular importance in my home state of Wisconsin, and many other states across the country, is the exponential increase in the transportation of crude oil by rail. At a rate higher than ever before, this volatile substance is travelling in rail cars past homes, schools and businesses.

With increased volume, comes increased risk. Just last November, two trains carrying hazardous materials derailed in Wisconsin, spilling hundreds of gallons of crude oil and thousands of gallons of ethanol. Fortunately, nothing caught fire and no one was hurt. However, 35 families were evacuated from their homes. We have seen other derailments across the country, including in Illinois, West Virginia, North Dakota, Alabama and Virginia. These incidents pose an immense threat to communities, people and the environment. For example, this past weekend, a train derailed in Wauwatosa, Wisconsin. No one was hurt—but it is not enough to rely on luck. We must have sufficient plans in place to respond to derailments—including the worst case scenario.

I am proud to have included a number of provisions in the recently-passed highway bill to improve first responder access to information about these trains and it is critical that the Department of Transportation implement the reforms as soon as possible.

However, we must do more to address this significant security concern. That is why I requested that the Inspector General audit whether the Department of Homeland Security has established

sufficient plans and coordination efforts to effectively respond to and recover from railway accidents involving hazardous materials. I look forward to the results of that audit and to hearing from our witnesses about what more we can do to respond to this emerging threat.

I am also concerned by a recent Department of Homeland Security Office of Inspector General report that found that FEMA has not adequately analyzed recurring OIG recommendations to improve oversight of the Homeland Security Grant Program. Specifically, the IG found that while FEMA tracks specific audit recommendations on a state by state basis, FEMA has not “taken the extra step of proactively analyzing the audits to discover trends, engage in a root cause analysis, and implement corrective action over the entire program.”

Like the IG, I am concerned that states could be repeating the same mistakes and that we run the risk of money not being spent for its intended purpose.

Similarly, I am concerned by a Government Accountability Office report that found that FEMA does not comprehensively collect or monitor the status of corrective actions made by federal departments that participate in national-level exercises. While FEMA has made progress in addressing this issue, more needs to be done to track corrective action to ensure that FEMA has an up-to-date outlook of national preparedness.

I look forward to hearing from you, Mr. Manning, on how FEMA plans to improve oversight of the Homeland Security Grant program and track the status of corrective actions made by federal departments.

I again want to thank Chairman Paul for providing us the opportunity to discuss these important issues and our witnesses for taking part in the discussion.

My hope is that when we leave here today, we have concrete ways to improve preparedness efforts for first responders, strengthen oversight of FEMA programs and deliver our Nation’s priorities in the most efficient and effective manner possible.



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STATEMENT

OF

THE HONORABLE TIMOTHY MANNING  
DEPUTY ADMINISTRATOR  
PROTECTION AND NATIONAL PREPAREDNESS

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

BEFORE  
THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
SUBCOMMITTEE ON FEDERAL SPENDING OVERSIGHT AND EMERGENCY  
MANAGEMENT  
U.S. SENATE  
WASHINGTON, D.C.

“FEMA: Assessing Progress, Performance, and Preparedness”

Submitted  
By

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

April 12, 2016

## Introduction

Chairman Paul, Ranking Member Baldwin, and members of the Subcommittee: good afternoon. I am Timothy Manning, Deputy Administrator for Protection and National Preparedness at the Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA). On behalf of Secretary Johnson and Administrator Fugate, it is my pleasure to appear before you today to discuss FEMA's efforts to assist states in preparing for natural disasters and terrorism.

## Building a Framework for National Preparedness

The recent tragic events in San Bernardino, Paris, and Brussels are a reminder of how important it is for us, as a Nation, to be ready to prepare for, protect against, respond to, recover from, and mitigate all hazards. This includes both natural threats such as flooding, earthquakes, tornadoes, and hurricanes, as well as man-made threats like organized terrorist attacks, active shooters, and technological hazards.

During any type of incident, local first responders are first on scene and play a critical role in keeping our citizens and communities safe. FEMA remains committed to ensuring our first responders have the resources they need to plan, organize, equip, train, and exercise so they may prevent, prepare for, mitigate, and respond to a full range of threats and hazards.

The National Preparedness Goal (NPG), first released in 2011 and updated in 2015, describes a capabilities-based vision for preparedness nationwide. The Goal identifies 32 core capabilities necessary to achieve that vision across five mission areas: Prevention, Protection, Mitigation, Response, and Recovery. The National Preparedness System (NPS) is the instrument the Nation uses to build, sustain, and deliver the 32 core capabilities identified in the Goal. Implementation of the NPS uses an approach to homeland security that supports building, sustaining, and delivering the core capabilities through six components: identifying and assessing the risks we face; estimating capability requirements to meet those risks; building and sustaining capabilities; planning to deliver capabilities; validating those capabilities through exercises and real-world incidents; and then reviewing and updating our capabilities and plans.

To address the components outlined in the NPS, FEMA implements numerous programs to increase the capabilities of state, local, tribal, and territorial responders prior to a real-world incident. These include the establishment of planning doctrine, grants, training, technical assistance, and exercise programs.

One of the key components of the NPS is the Threat and Hazard Identification and Risk Assessment (THIRA). Jurisdictions that receive preparedness grant funding from FEMA must use the THIRA to annually identify and assess risk. As part of the THIRA process, jurisdictions establish capability targets based upon the risks they face.

States and territories then assess their current capability levels against those targets in their State Preparedness Reports (SPR). The *Post-Katrina Emergency Management Reform Act of 2006* requires an SPR each year from any state or territory receiving Federal preparedness assistance

administered by DHS. Jurisdictions use the results of the THIRA and SPR to determine state and territorial preparedness capability levels and gaps.

States, tribes, territories, and the Federal Government use this information to help make programmatic decisions to build and sustain, plan for, and validate capabilities.

#### **Progress in National Preparedness**

FEMA develops and submits to the President an annual National Preparedness Report (NPR), using THIRA and SPR results, that addresses progress in building, sustaining, and delivering the 32 core capabilities described in the National Preparedness Goal. The report also incorporates input from other Federal departments and agencies to assess gains at all levels across the whole community, and identifies areas for future improvement.

The NPR provides the Nation with practical insights on the state of preparedness and addresses reporting requirements contained within the *Post Katrina Emergency Management Reform Act* and other legislation. Strengths and areas for improvement identified in the NPR are used to inform planning efforts, focus priorities for Federal grants, and enable informed collaboration among stakeholders working together to improve the Nation's preparedness.

The Nation continues to be strong in capabilities under the Response mission area and selected capabilities in Prevention and Protection. In 2015, the Nation made progress in Environmental Response/Health and Safety, Intelligence and Information Sharing, and Operational Coordination. These core capabilities are at acceptable levels of performance and will need to be sustained going forward. But work remains. The 2015 Report identified Cybersecurity, Housing, Infrastructure Systems, Long-term Vulnerability Reduction, Economic Recovery, and Access Control, and Identity Verification as areas for improvement. Cybersecurity, Housing, and Infrastructure Systems have been areas for improvement for four consecutive years. For the third time in four years, Economic Recovery also re-emerged as an area for improvement.

FEMA has the opportunity to affect preparedness in a number of ways, chief among them is grant funding coupled with our offerings in training and exercises.

***Informing Exercise Planning Efforts:*** FEMA's National Exercise Division (NED) recently analyzed areas for improvement through relevant case studies and real-world incidents identified in the 2014 and 2015 NPRs. NED then used this analysis to support the development of the 2017-2018 National Exercise Program Cycle, focusing our efforts on key areas that would best support the Nation's preparedness.

***Focus Priorities for Federal Grants:*** As part of the application process for the Homeland Security Grant Program (HSGP), applicants develop justifications that demonstrate how proposed investments will, among other considerations, align with the national priorities and areas for improvement outlined in the latest NPR, and with their state's SPR findings.

In 2015, FEMA completed a series of grant effectiveness case studies. These studies examined grant-funded projects that were intended to address three core capabilities that previous NPRs identified as areas for improvement: Cybersecurity, Housing, and Infrastructure Systems. FEMA shared the results of the case studies to help future grantees learn about successful approaches for building capacity in these key areas.

***Enabling Collaboration among Stakeholders:*** The NPRs from 2012-2015 identified cybersecurity as a national area for improvement. FEMA collated data on specific cybersecurity capability gaps that each state and territory identified in their SPR, and then shared that information with the DHS Office of Cybersecurity and Communications (CS&C). CS&C is now able to use this data to develop federal training support packages for each state and territory tailored to their specific gaps. FEMA is also evaluating preparedness-related technical assistance needs related to core capabilities identified in the NPR as national areas for improvement.

#### **Homeland Security Preparedness Grant Programs**

FEMA works with state and local governments to assess capability gaps and then prioritize grant investments to address these needs. Once the first step of a risk assessment is completed, the states identify gaps which drive grant investments across their jurisdictions. For example, Kentucky and Wisconsin use their risk assessment to evaluate effectiveness in local grant proposals to make funding decisions. Chicago and St. Louis take a similar urban area approach and use the data to evaluate all equipment purchases against capability gaps.

In FY 15 FEMA provided \$1.6 billion in preparedness grant funds to address the risks and capability gaps the states identified. In their state grant information called investment justifications, applicants for preparedness grants must describe how projects funded by grant dollars will address these gaps. We analyze this information, as well as the THIRA and SPR, to assess that grant dollars are being used effectively to enhance preparedness. In 2015, FEMA found that over 98 percent of projects funded by FY 15 homeland security grant program dollars align to the gaps identified through the THIRA/SPR process. Through this alignment, FEMA uses the THIRA and SPR as a basis for measuring grantees' progress in closing deficiencies over time.

Additionally, to further ensure we maximize federal grant dollars, the Administration is proposing to re-align \$100 million from the Homeland Security Grant Program to a new Regional Competitive Grant Program that will target critical capability gaps at the regional level. Although, plans for implementation of the Regional Competitive Grant Program are still in development, the general approach will involve identification of capability gaps through an analysis of state and regional THIRAs, the annual National Preparedness Report, the Strategic National Risk Assessment, and other assessments of national risk and capabilities. The program will include requirements for applicants to identify specific, outcome-based performance metrics to measure the effectiveness of proposed investments.

I would like to share with you several examples that illustrate how Federal preparedness grants have improved outcomes during response and recovery efforts.

- **Louisiana**
  - *Interoperable Communications Network:* After Hurricane Katrina demonstrated that Louisiana's communications infrastructure could not support a large-scale response operation, the State used approximately \$90 million in SHSP and UASI funds to develop the Louisiana Wireless Information Network (LWIN). LWIN—the Nation's largest statewide interoperable public safety network—provides over 95 percent of street-level radio coverage to more than 700,000 users across 500 agencies. LWIN supported the 2012 response to Hurricane Isaac, managing over twice the call volume of the 2008 Hurricane Gustav response with one-third fewer busy signals. In addition, LWIN supported the 2010 Deepwater Horizon spill response, enabling the U.S. Coast Guard to connect with state and local officials to coordinate response activities from Florida to Texas.
- **Washington**
  - *Regional Aviation Unit:* Since 2007, Washington has allocated nearly \$8 million in SHSP, UASI, and Port Security Grant Program funding to create and maintain the Northwest Regional Aviation Unit. The unit provides aerial rescue services, criminal manhunt capabilities in the Seattle area, wildfire suppression, and maritime vessel rescue support in the Puget Sound. Following a mudslide in Snohomish County in March 2014, the aviation unit rescued 11 survivors in the first two hours of the response. In areas of thick, unstable mud that was up to 30 feet deep, the aviation unit was the state's only asset capable of locating and rescuing survivors.
- **Oklahoma**
  - *Regional Response System:* Since 2011, Oklahoma has invested \$35 million in federal preparedness grants to develop the Regional Response System (RRS)—a collection of specialized teams and equipment for all-hazards response support throughout the state. The RRS is capable of responding to incidents in any area of the state within two hours. In May 2013, the state dispatched RRS assets to aid response and recovery operations following a tornado that struck communities in Newcastle, Oklahoma City, and Moore. Technical Rescue Teams searched and cleared two schools that the tornado had hit while class was in session.
- **Illinois**
  - *Disaster Risk Analysis Model:* Since 2011, Cook County and the City of Chicago have invested federal preparedness grants in technologies that assist in identifying risks, deploying resources, and responding to regional disasters. During severe flooding in April 2013, Cook County conducted a flood risk analysis using grant-funded geographic information system technologies that enabled the county to quickly deploy water pumps and generators to the highest priority locations. Additionally, Cook County and the City of Chicago collaborated to build a

weather model that facilitated the rapid evacuation of 170,000 people from Grant Park as a dangerous, pop-up thunderstorm approached in 2013.

- **Colorado**
  - *Regional Explosives Unit*: Since 2010, Colorado has invested over \$500,000 in SHSP funding to create and equip the South Central Regional Explosives Unit, a team of bomb technicians that responds to hundreds of explosives-related calls throughout the region each year. Prior to this investment, first responders in the area lacked explosives expertise and requesting assistance outside the jurisdiction was complicated and time-consuming. In 2013, the unit supported a barricaded active shooter response in downtown Colorado Springs. Grant-funded tactical suits and masks helped responders safely deliver tear gas and search the suspect's house.
- **Minnesota**
  - *Urban Search and Rescue (USAR)*: Minnesota invested \$13.1 million in SHSP, Hazardous Materials Emergency Preparedness grant, and UASI funds toward its state emergency response teams, including Minnesota Task Force 1 (MN-TF 1). Located in the Twin Cities, MN-TF 1 is a USAR team comprised of specialists from police, fire, and paramedic units. Minnesota activated MN-TF 1 in response to the I-35 bridge collapse in 2007. After-action reports from the event indicate that the incident response benefited from UASI grant investments in equipment and training support for response teams such as MN-TF 1.
- **New York**
  - *Public Health Laboratory*: When Ebola virus disease arrived in the United States in 2014, Federal preparedness grants helped New York City effectively address its 16 suspected cases, including one positive case. \$3.2 million in UASI grant funds supported enhancements to New York City's Public Health Laboratory, which was responsible for testing specimens for Ebola virus disease. UASI funds supported personnel costs, as well as the lab information management system, which includes the ability to electronically transmit test results to the Centers for Disease Control and Prevention, as well as the State of New York. These laboratory capabilities enabled New York City to rapidly perform a total of 12 tests for Ebola virus disease, including out-of-state cases.
- **Texas**
  - *Active Shooter Training Video*: Following the 2012 shooting in Aurora, Colorado, the City of Houston Mayor's Office used Regional Catastrophic Preparedness Grant Program and UASI funds to produce a six-minute video – Run. Hide. Fight.© – that identifies actions the public can take to survive an active shooter event. Since its release, the video has gained international attention for its realistic depiction of such an incident and clear steps that individuals should take to

survive. To date, the video has recorded over 4.5 million of views on YouTube® alone, and the City shares the video with government agencies, nonprofit organizations, and private sector entities for training purposes.

- **Pennsylvania**
  - *Aviation Unit Helicopter*: Philadelphia Police Department (PPD) Aviation purchased a helicopter based on lessons learned from real-world incidents over a 15 year span of operation. Purchased with UASI funds, the helicopter enables PPD Aviation responses beyond basic airborne observations and is one of the only law enforcement aviation resources in the region. The helicopter serves not only as a law enforcement resource, but also as a tool to assist fire and emergency medical operations. During the Amtrak 188 derailment in 2015, PPD Aviation used the helicopter to identify body heat signatures among the wreckage, speeding the rescue of survivors.

In addition to providing grant funding to help states fill needs, the Agency works to help fill gaps through our training, exercises, and technical assistance programs.

#### **Training First Responders**

FEMA's National Training and Education System (NTES) is designed to foster an integrated and effective approach to building the knowledge and skills of homeland security professionals. This world-class system includes the development and delivery of training courses to first responders on a wide variety of emergency response topics. In person training is offered throughout the country, including at FEMA's Center for Domestic Preparedness (CDP) in Anniston, AL, where more than 45,000 responders are trained a year in disciplines such as emergency management, emergency medical services, fire service, hazardous materials, law enforcement, public safety communications, and public works. FEMA also manages the Emergency Management Institute (EMI) and U.S. National Fire Academy, both housed at the National Emergency Training Center (NETC) in Emmitsburg, MD.

In addition to general emergency management training courses, FEMA also has training specifically designed to address terrorism incidents. Most terrorism-related training is provided by CDP in partnership with the National Domestic Preparedness Consortium and the Center for Homeland Defense at the Naval Post Graduate School in Monterey, CA.

In coordination with the National Counter Terrorism Center and the Federal Bureau of Investigation, FEMA developed and manages two training programs designed to assist communities in preparing for the kinds of complex terrorist attacks we have recently witnessed in the United States and Europe. The Joint Counterterrorism Awareness Workshop Series is geared towards UASI cities, while the Integrated Emergency Management Course was developed for other metropolitan areas which may have fewer resources and less experience with counterterrorism operations. So far, more than 5,500 responders across 29 cities have participated in these two courses, with additional deliveries scheduled for eight new cities in 2016.

These programs are designed to be community-specific training initiatives to improve the ability of local jurisdictions to prepare for, protect against, and respond to complex coordinated attacks. Through briefings, case studies, facilitated discussions, and planning workshops, participants work through an attack scenario to identify gaps in their current plans as well as mitigation strategies.

FEMA also partnered with the National Transportation Safety Board to develop a Large Scale Aviation Accident Response (LsAAR) workshop to examine local jurisdictions' ability to effectively coordinate and respond in the aftermath of an in-flight break-up of a commercial aircraft. The target audience is public safety and emergency response stakeholders at the state, local, tribal, and territorial levels; private sector (including airlines) and non-governmental organizations; the medical community and federal agencies. Each of the workshops is tailored for the host jurisdiction with the goal to improve the coordinated response to large scale aviation accidents outside airport boundaries. Currently, more than 750 responders across five cities have participated in this workshop, with additional deliveries scheduled for five new cities in 2016.

FEMA's training is not focused solely on urban first responders. We also fund and partner with the Rural Domestic Preparedness Consortium (RDPC), led by The Center for Rural Development. The RDPC provides training and resources to rural first responders. Courses are offered both in-person and online and are provided at no cost to participants. Training topics include: Crisis Management for School-based Incidents; Chemical, Biological Radiological, Nuclear and Explosive Response for Rural First Responders; Mass Fatality Planning and Response; Risk and Vulnerability Assessments; Bioterrorism Awareness; and Response Planning for People with Access and Functional Needs. In the past four years, DHS and FEMA have funded training for 40,124 local, state, and federal response officials through the RDPC.

#### **National Exercise Program**

Exercises serve as a principal means for examining the preparedness and readiness of responders across the entire homeland security and management enterprise. The purpose of the National Exercise Program (NEP) is to test the Nation's capabilities through the design, coordination, conduct and evaluation of exercises that test our ability to prevent, protect against, respond to, recover from, and mitigate all hazards. As a component of our National Preparedness System, the NEP provides a means to evaluate and validate our progress as a Nation toward meeting the 32 core capabilities which we use to measure progress in reaching our National Preparedness Goal of a prepared and resilient Nation. Program cycles consist of a two year progressive schedule of exercises that are selected based on their support to the NPG as well as the objectives of FEMA and state, local, tribal, and territorial partners. These exercises may include facilitated policy discussions, seminars and workshops, tabletop exercises, modeling and simulation, drills, functional exercises, and full-scale exercises. Exercises may be sponsored by organizations from any level of government, non-governmental, private sector, and whole community partners.

Each two-year NEP cycle includes a national level exercise, focusing on issues and challenges identified in past exercises, national preparedness data, analysis of recent real-world incidents, and interagency partners' perspectives. This data-driven approach to designing the 2016 national



level exercise suggested a need to examine and validate core capabilities in the prevention, protection, and response mission areas. The 2016 national level exercise, known as Capstone Exercise 2016, examines authorities and capabilities needed to ensure our nation's ability to prevent and protect against an imminent threat from a weapon of mass destruction (WMD), and to plan for and respond to a WMD incident while operating under continuity conditions.

Analysis of other gaps prompted the development of an Operation Safe Delivery exercise series to examine and validate capabilities to prepare for, respond to and recover from transportation incidents involving crude oil and other flammable liquids. Three workshops took place across urban, rural, and tribal jurisdictions to validate and test the exercise toolkit for scalability before delivery to the states, planned for mid-2016.

### **Conclusion**

It is the local first responders who are part of the community and first on the scene that are the most important partners in preparing for and responding to attacks like what happened in Brussels, Paris, and San Bernardino. FEMA is honored to implement the programs and execute the resources Congress provides to support these responders and other state, local, tribal and territorial officials as they all constitute an integral part of building our nationwide capabilities for national preparedness. FEMA will continue to work with our partners to help organize, train, equip, and exercise our first responders so they are prepared to respond to the next incident. I am grateful to have had this opportunity to discuss these important programs with you today and I am happy to respond to any questions the Subcommittee may have. Thank you.

**OFFICE OF INSPECTOR GENERAL**

**Testimony of Inspector General  
John Roth**

**Before the Committee on  
Homeland Security and  
Governmental Affairs**

**Subcommittee on Federal  
Spending Oversight and  
Emergency Management**

**United States Senate**

**“FEMA: Assessing Progress,  
Performance, and Preparedness”**



Homeland  
Security

**April 12, 2016  
3:00 PM**



## **DHS OIG HIGHLIGHTS**

### ***FEMA: Assessing Progress, Performance, and Preparedness***

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**April 12, 2016**

### **Why We Did This**

We conducted an audit to determine whether the Federal Emergency Management Agency (FEMA) implemented permanent changes to its oversight of its Homeland Security Grant Program (HSGP) as a result of our recurring recommendations.

### **What We Recommend**

We made numerous recommendations to FEMA in the reports discussed in this testimony.

#### **For Further Information:**

Contact our Office of Legislative Affairs at (202) 254-4100, or email us at [DHS-OIG-OfficeLegislativeAffairs@oig.dhs.gov](mailto:DHS-OIG-OfficeLegislativeAffairs@oig.dhs.gov)

[www.oig.dhs.gov](http://www.oig.dhs.gov)

### **What We Found**

From fiscal years 2009–2014, FEMA allocated \$7.6 billion in HSGP funds to assist grantees with preparing states for terrorist attacks, major disasters, and other emergencies. During the same time period, we issued 58 HSGP audit reports containing 490 recommendations, 448 of which addressed recurring issues affecting multiple grantees.

FEMA has not adequately analyzed recurring Office of Inspector General recommendations to make permanent changes that will improve its oversight of HSGP. This occurred because FEMA has not clearly communicated internal roles and responsibilities, and does not have policies and procedures for conducting substantive trend analysis of audit recommendations. FEMA has agreed to develop and implement a comprehensive plan for conducting ongoing analysis of recurring HSGP audit recommendations.

Without such analysis, FEMA risks being unable to proactively solve systemic problems and may miss opportunities to improve its management and oversight of HSGP.

### **DHS Response**

FEMA has concurred with our recent recommendations made to improve the oversight and operation of HSGP.



**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

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Good afternoon Chairman Paul, Ranking Member Baldwin, and Members of the Subcommittee. Thank you for inviting me to discuss critical management and oversight of preparedness grants at the Federal Emergency Management Agency (FEMA). My testimony today will focus on audit work we have conducted on management of preparedness grants, the status of our recommendations, and our continued audit efforts in this area.

**FEMA Preparedness Grants**

FEMA's Homeland Security Grant Program (HSGP) grants assist states in preparation for terrorist attacks, major disasters, and other emergencies. FEMA is responsible for partnering with states to coordinate grants, training, and exercises to help ensure preparedness. Specifically, FEMA's HSGP provides funds to state, territorial, local, and tribal governments to enhance their ability to prepare for, prevent, protect against, respond to, and recover from terrorist attacks, major disasters, and other emergencies. HSGP is comprised of three interconnected grant programs: State Homeland Security Program (SHSP), Urban Areas Security Initiative (UASI), and Operation Stonegarden (OPSG). Together, these grant programs fund a range of preparedness activities, including planning, organization, equipment purchases, training, exercises, and management and administration.

HSGP plays an important role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient nation. From fiscal years (FY) 2009–2014, FEMA allocated \$7.6 billion in HSGP funds to assist grantees with achieving program goals.

**Results of OIG Audits and Our Recommendations**

DHS OIG has conducted an extensive number of audits of SHSP and UASI grants to determine whether states, urban areas, and territories implemented their HSGP grants efficiently and effectively, achieved program objectives, and spent funds according to grant requirements. From FYs 2009–2014, we completed 58 audits of states and territories, which were awarded SHSP and UASI grant funds totaling approximately \$4.8 billion.

In most instances, with some notable exceptions, the states and urban areas administer the grants effectively and in conformance with Federal law. However, as with any large, diverse program, we continued to identify issues in the awarding and expenditure, monitoring, and management of the grants.



# OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

- Poor metric development:* We found that many states did not develop fully measurable and achievable goals and objectives. Rather, many had very broad-based goals and objectives, with no timelines for completion and few concrete measures to determine if the goals and objectives were met. Without specific goals and objectives, the grantees and FEMA will not be able to determine whether the money is well spent and whether it is accomplishing the goals of the program. For example, South Dakota prepared two strategic plans for the periods covering FYs 2010–2012 and FYs 2012–2014; however, neither plan contained goals, objectives, or a baseline that could be easily measured to address significant threats and vulnerabilities. *South Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012* (OIG-14-89, May 2014).
- Incomplete or non-existent assessments of risks and capabilities:* To help make smart decisions on how best to use their grant funds, states annually assess the unique risks to preparedness they face and develop appropriate capability targets to address them. This allows states to estimate the resources needed to account for the impacts of anticipated and unanticipated threats and hazards while also providing a basis for tracking progress in achieving its capability target. Without this information, states may not be able to make informed decisions on how to most effectively invest their preparedness grant funds. For example, in FY 2012, Alaska's assessment did not include capability targets, which compromised the state's ability to measure the impact of its grant spending on its preparedness capabilities. *Alaska's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012* (OIG-14-62, April 2014).
- Untimely obligation of funds:* States are required to award the funds on a timely basis. According to Federal law and FEMA guidance, at least 80% of the grant funds must be allocated within 45 days of the FEMA award. We have had a number of instances in which months, and sometimes more than a year, would pass without the funds being awarded. If the funds are not obligated in a timely manner, it reduces the state's ability to prevent, protect against, and respond to acts of terrorism. For example, during FYs 2008–2011, Massachusetts did not obligate any of its grant awards to subgrantees within the required 45 days. The obligations ranged from 44 to 472 days late. *Massachusetts' Management of Homeland Security Grant Program Awards for Fiscal Years 2008 Through 2011* (OIG-13-44, February 2013).



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- *Insufficient management controls:* States are required to monitor subgrantees' activities to ensure compliance with applicable Federal requirements. This should include communicating regularly; conducting site visits where appropriate; and establishing regular, periodic reporting requirements. A state can retain up to 5 percent of the grant funds to pay for oversight and management in order to implement an effective oversight program. It is important for the state to have proper management controls in place to ensure that the money is spent in accordance with the grant agreement and in compliance with Federal law. However, we have found a number of instances in which the state had not adequately managed the grant process, leading to a lack of assurance that the funds are being spent wisely. For example, North Dakota did not adequately monitor subgrantee activities even though it had written procedures in place for monitoring. Our assessment found that during calendar years 2010–2013, none of the state's 23 largest subgrantees were scheduled for on-site monitoring visits. *North Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012* (OIG-14-90, May 2014).
- *Improper expenditures:* Our audits have found examples of improper expenditures. These grants are awarded so that states and local agencies can prevent, prepare for, protect against, and respond to acts of terrorism, major disasters, and other emergencies. However, we found that grant funds were not always spent for their intended purposes or well supported. For example, we reported in FY 2009 that one California subgrantee spent almost \$600,000 for digital audio recorders and installed new video and audio devices in witness interview rooms. However, officials confirmed that the purpose of this expenditure was to improve law enforcement practice — not terrorism prevention, response, or disaster preparedness. *The State of California's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2004 through 2006* (OIG-09-33, February 2009).

**FEMA's Management of the HSGP Program**

While FEMA has worked to improve its grant processes and oversight, challenges to developing permanent changes to fundamentally improve HSGP oversight remain. In our March 2016 audit report *Analysis of Recurring Audit Recommendations Could Improve FEMA's Oversight of HSGP* (OIG-16-49), we reported that FEMA had not adequately analyzed recurring OIG recommendations to implement permanent changes to improve the oversight of



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HSGP. In other words, we have continued to audit state grants and have found similar problems in the manner in which the states are administering the grants, yet FEMA has not taken the lessons from those audits to create a systemic and institutional change in the manner in which it oversees the program. FEMA simply tracks specific audit recommendations — but has not taken the extra step of proactively analyzing the audits to discover trends, engage in a root cause analysis, and implement corrective action over the entire program, rather than state by state. Thus, FEMA and the states are repeating the same mistakes over and over again, and we cannot be assured that the money is being spent appropriately.

Of our 490 audit recommendations resulting from 58 audits of states and territories from FYs 2009–2014, 448 (91 percent) recommendations identified similar challenges year after year. Of these 448 recurring recommendations:

- 115 were related to strategic planning.
- 333 were related to program oversight.<sup>1</sup>

We also found that FEMA had not implemented permanent changes to its oversight of HSGP based on recurring OIG recommendations. FEMA's corrective actions to resolve 361 of the 448 recurring recommendations reflected actions specific to individual grantees and did not provide overarching improvements to the program as a whole. FEMA resolved the remaining 87 recurring recommendations with corrective actions reflecting permanent changes to HSGP. Specifically, FEMA cited implementation of a revised strategic planning risk assessment process to resolve 83 of the 115 strategic planning recommendations. However, FEMA only resolved 4 of the 333 recommendations related to program oversight — less than 2 percent — through permanent changes to the HSGP. This shows a troubling lack of commitment to program oversight.

Office of Management and Budget (OMB) Circular A-50 (revised) requires that agencies shall “provide for periodic analysis of audit recommendations, resolution, and corrective action, to determine trends and system-wide problems, and to recommend solutions.” FEMA implements OMB Circular A-50 through various directives, missions, and charters; for example, FEMA guidance assigns responsibility for analyzing audit recommendations, determining trends and system-wide problems, and recommending solutions.

However, we believe that there are certain barriers preventing FEMA from engaging in the kind of substantive review of the program that is necessary:

<sup>1</sup> See appendix A for recurring HSGP recommendations and FEMA corrective actions.



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- *Roles not clearly delineated:* FEMA's Audit Liaison Office and Grant Operations Audit Resolution Branch are both responsible for analyzing trends in recommendations from Government Accountability Office (GAO) and OIG audits of HSGP. However, neither component is performing this function because FEMA has not clearly communicated these internal roles and responsibilities and also has no policies and procedures for conducting any substantive analysis of HSGP audit recommendations.
- *Incomplete understanding of responsibilities:* Audit Liaison Office officials stated that OMB A-50's scope is limited to FEMA's internal audit follow-up procedures (e.g., monitoring, tracking, reporting on audit status) and does not extend to the programmatic aspects of audit recommendations. According to an OMB official, however, the application of OMB A-50 includes analyzing audit recommendations to determine substantive trends, which is synonymous with performing a root-cause analysis.
- *Lack of policies and procedures:* FEMA's Audit Resolution Branch has no written policies or procedures for performing substantive trend analyses of audit recommendations. While FEMA maintains that it did conduct analyses of recurring recommendations in 2011 and 2014, it was unable to demonstrate that those informal reviews resulted in any substantive programmatic improvements to HSGP.

According to OMB A-50, audit follow-up is an integral part of good management and essential for improving the effectiveness and efficiency of government operations. Furthermore, reliance on audit findings or recommendations alone often leads to incomplete corrective actions. Without sufficiently analyzing audit findings and recommendations, FEMA risks being unable to proactively solve systemic problems and may miss opportunities to improve its management and oversight of HSGP.

**Similar Issues With Another FEMA-Run Program, the National Flood Insurance Program**

Other recent audits reflect FEMA's poor management of similar programs. For example, in March of this year we published a review of FEMA's Write Your Own (WYO) program under the National Flood Insurance Program (NFIP). The NFIP provides flood insurance for purchase to property owners against the risk of property damage or loss resulting from floods occurring in the United States. As part of the NFIP, the WYO program began in 1983 as a cooperative arrangement between FEMA and the private insurance industry. It allows





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participating property and casualty insurance companies to write and service FEMA's Standard Flood Insurance Policy in their own names. The program is massive: For flood events occurring between October 2012 and December 2014 — roughly two years — the WYO companies received 162,500 claims and paid *\$7.8 billion* to policyholders.

Unfortunately, FEMA does not provide adequate oversight of the WYO program under NFIP. We found that FEMA is not using the results from its Financial Control Plan reviews (which are designed to account for and ensure appropriate spending of taxpayer funds) to make program improvements. As with the HSGP, FEMA does not use the results of its reviews to design or implement program improvements. As a result, FEMA management acknowledges that NFIP has no consistent or reliable method to identify systemic problems or recognize patterns from warning signs.

We also found additional issues with FEMA's management of this multi-billion dollar program. For example:

- FEMA is not performing adequate oversight of its reimbursement for insurance company expenses, known as Special Allocated Loss Adjustment Expenses (SALAE), for adjusters, appraisers, litigation and experts, such as engineers. We looked at a sample of 182 policies with expert expenses. Of these policies, *91percent* of the expert expenses sampled (166 policies) were not adequately supported.
- FEMA does not have adequate internal controls to provide proper oversight of the appeals process. FEMA has an appeals process as required by the regulations; however, the process is not documented and relies heavily on the WYO companies' participation in the appeals review. Additionally, FEMA did not use the appeals process to help identify improvements that could be made

These conditions exist because FEMA does not have adequate guidance, resources, or internal controls. As a result of this inadequate oversight, FEMA is unable to ensure that WYO companies are properly implementing NFIP and is unable to identify systemic problems in the program. Furthermore, without adequate internal controls in place, as with FEMA's management of the HSGP grants, FEMA's NFIP funds may be at risk for fraud, waste, abuse, or mismanagement. *FEMA Does Not Provide Adequate Oversight of Its National Flood Insurance Write Your Own Program*, (OIG 16-47, March 2016).



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**Moving Forward**

Given the risks and expense of the Department's FEMA preparedness grants, we have continued our audit efforts in this area. For example, we recently conducted a risk-based analysis<sup>2</sup> to determine the highest priority grantees for our next HSGP audits. To do this, we compiled key data from all prior HSGP audit reports that we issued from FY 2006 through FY 2015. These reports contained more than 600 separate recommendations. We then developed several risk factors that we weighted and applied to each grantee to generate a numeric score reflecting its order of priority from highest to lowest. These risk factors included the number of prior audits, the length of time since the last audit, the amounts of grant awards and costs questioned, the number of open audit recommendations, and the incidence of any recurring areas of concern.

Each grantee's numeric score determined its final ranking, with the highest scores representing the most appropriate subjects for a future audit. We determined that Texas presented the highest risk for the mismanagement of HSGP funds. We have already begun work to audit the use of HSGP funds in Texas. Because our scoring methodology is designed to incorporate the results of any additional audits as they are completed, our on-going grant audit priorities will be updated as new information becomes available.

Independent of our analysis, FEMA recently expressed concerns regarding New Mexico's management of its HSGP; accordingly, we will soon initiate a follow-up audit of the state's management of its HSGP grant funds. In addition, we recently began audit work on the Operation Stonegarden program to determine the extent to which there is sufficient oversight of the grant program to ensure the awarded funds are properly administered and spent effectively.

FEMA has agreed to develop and implement a comprehensive plan for conducting ongoing analysis of recurring HSGP audit recommendations. This plan will include clearly delineated roles and responsibilities along with policies and procedures for determining trends and system-wide problems, as well as recommending solutions to improve oversight of HSGP. It expects to complete this plan by December 2016.

Without sufficiently analyzing audit findings and recommendations, FEMA may not be able to develop proactive solutions to recurring and systemic problems, resulting in missed opportunities to improve the management and oversight of its HSGP.

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<sup>2</sup> See appendix B for the results of the risk assessment to determine HSGP audit priorities.



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Mr. Chairman, this concludes my prepared statement. I welcome any questions you or other Members of the Subcommittee may have.



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**Appendix A**  
**Recurring HSGP Recommendations and FEMA Corrective Actions**

Categories of Recurring Recs	No. of Recurring Recs	No. of Recurring Recs Resolved Through a Permanent Change to HSGP	FEMA's Corrective Actions Reflecting Permanent Changes to HSGP
STRATEGIC PLANNING			
Strategic Goals & Objectives	61	49	(1) Resolved 83 recommendations through implementation of Threat Hazard Identification and Risk Assessment.
Preparedness Capabilities & Assessments	54	34	
Sub-total	115	83	
PROGRAM OVERSIGHT			
Grant Allocation, Obligation & Expenditure	59	2	(2) Resolved one recommendation by giving grantees more flexibility to spend award balances, (3) Resolved one recommendation by requiring grantees to certify pass-through of local award shares within 45 days.
Sub-grantee Monitoring	75	2	(4) Resolved two recommendations through implementation of advanced programmatic monitoring of higher-risk grantees.
Financial Management, Reporting & Costs	93	0	N/A
Procurement & Property	106	0	
Sub-total	333	4	
TOTAL	448	87	

Source: DHS OIG



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**Appendix B**  
**Results of Risk Assessment to Determine HSGP Audit Priorities**

Risk, High to Low	State
1	Texas
	Puerto Rico
2	Guam
3	Washington, D.C.
4	Maryland
	Missouri
	South Carolina
	West Virginia
	Hawaii
5	Mississippi
	California
	U.S. Virgin Islands
	Nevada
	Oklahoma
6	Tennessee
	Iowa
	Illinois
	Indiana
	Louisiana
7	Minnesota
	Rhode Island
	Wisconsin
	Massachusetts
	Montana
8	Oregon
	Connecticut
	Alabama
	American Samoa
	Virginia
9	Arkansas
	Kentucky
	New Mexico
	Colorado
	Georgia

Source: DHS OIG analysis



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United States Government Accountability Office

Testimony before the Subcommittee on  
Federal Spending Oversight and Emergency  
Management, Committee on Homeland  
Security and Governmental Affairs, U.S.  
Senate

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For Release on Delivery  
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## FEDERAL EMERGENCY MANAGEMENT AGENCY

### Progress and Continuing Challenges in National Preparedness Efforts

Statement of Chris Currie, Director, Homeland Security  
and Justice

## GAO Highlights

Highlights of GAO-16-560T, a testimony before the Subcommittee on Federal Spending Oversight and Emergency Management, Committee on Homeland Security and Governmental Affairs, U.S. Senate

### Why GAO Did This Study

Following the federal response to Hurricane Katrina in 2005, the Post-Katrina Act was enacted in 2006, requiring FEMA to establish a national preparedness system and assess the nation's overall preparedness. To implement the system, FEMA issued the National Response Framework, which identifies 14 emergency support functions that serve as the federal government's primary coordinating structure for providing response capabilities. From fiscal years 2002 through 2015, DHS awarded over \$40 billion for preparedness grant programs to enhance the capabilities of state and local governments to respond to emergencies and disasters.

This statement addresses (1) FEMA's progress in strengthening federal preparedness efforts and (2) FEMA's efforts to manage preparedness grants. This statement is based on prior reports GAO issued from March 2011 through February 2016 and selected updates on efforts to improve coordination in March 2016. To conduct prior work and updates, GAO analyzed relevant FEMA data and documentation and interviewed relevant officials.

### What GAO Recommends

GAO has made several recommendations in its prior reports designed to address the challenges discussed in this statement. FEMA has taken actions to address some but not all of these recommendations.

View GAO-16-560T. For more information, contact Chris P. Currie at (404) 679-1875 or currie@gao.gov.

April 12, 2016

## FEDERAL EMERGENCY MANAGEMENT AGENCY

### Progress and Continuing Challenges in National Preparedness Efforts

#### What GAO Found

GAO's recent work highlights both the progress and challenges in the Department of Homeland Security's (DHS) Federal Emergency Management Agency's (FEMA) efforts to strengthen federal preparedness.

- In December 2014, GAO reported that the federal departments responsible for coordinating emergency support functions (ESF) in preparation for national disaster response carry out their responsibilities in various ways, but efforts to assess ESF preparedness could be enhanced. GAO recommended that FEMA coordinate and collaborate with other federal departments and agencies to issue guidance to ESF coordinators on minimum standards for demonstrating ESF preparedness. FEMA concurred, and in June 2015, consistent with our recommendation, issued such guidance.
- GAO found in December 2014 that federal departments that participate in national-level exercises monitor the status of their corrective actions but do not report this information to DHS or FEMA, nor does DHS or FEMA comprehensively collect this information. GAO recommended that FEMA coordinate and collaborate with interagency partners to collect information and regularly report to the Secretary on the status of its planned actions. FEMA concurred, and in October 2015 reported taking steps to address this recommendation; however, work remains.

GAO's work on FEMA's preparedness grant management highlights challenges in coordination and challenges in establishing a framework to assess capabilities.

- In February 2016, GAO found that coordination challenges between FEMA headquarters and regional staff in managing preparedness grants continue to create inefficiencies. GAO recommended that FEMA develop a plan with timeframes, goals, metrics and milestones on how it will resolve longstanding challenges with its grants management model, which divides responsibilities between regional and headquarters staff. FEMA did not concur with this recommendation. However, we continue to believe that FEMA would benefit from a more strategic approach to resolve longstanding challenges associated with the existing hybrid model.
- In February 2012, GAO identified coordination challenges among four FEMA grant programs that share similar goals and fund similar projects, which contribute to the risk of duplication among the programs. GAO recommended that FEMA take steps, as it develops its new Non-Disaster Grant Management System, to collect project information with sufficient detail to identify potential duplication among the grant programs. In March 2016, FEMA reported taking steps to address the recommendation but has been delayed in implementing the new grant management system.
- In March 2011, GAO reported the need for FEMA to establish a framework for assessing capabilities to prioritize grant funding. As of March 2016, FEMA does not have clear and quantifiable performance measures that provide such a framework and we concluded that until FEMA develops such requirements and measures it is unclear what capability gaps currently exist and what level of federal resources will be needed to close such gaps.

United States Government Accountability Office

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Chairman Paul, Ranking Member Baldwin, and Members of the Subcommittee:

Thank you for the opportunity to discuss our work on the Federal Emergency Management Agency's (FEMA) efforts to develop and implement national preparedness policies, structures, and grant programs. FEMA—a component of the Department of Homeland Security (DHS)—has broad responsibilities for coordinating federal preparedness efforts and supporting and assessing state and local capabilities through preparedness grants. Our work over the last five years has focused on FEMA's efforts to coordinate federal interagency preparedness and manage and assess the impact of FEMA's preparedness grants on state and local preparedness. As described in more detail below, our recommendations have identified additional steps FEMA can take to improve the efficiency and effectiveness of these efforts, including enhancing coordination and providing guidance on preparedness. FEMA has taken actions to address some of these recommendations, but more fully addressing all of the recommendations could lead to additional savings, better services to the public, improved program performance and accountability, and, ultimately, a better prepared nation.

Following the federal response to Hurricane Katrina in 2005, the Post-Katrina Act was enacted in October 2006.<sup>1</sup> The act enhanced FEMA's responsibilities and autonomy within DHS, and required FEMA to establish a national preparedness system and assess the nation's overall preparedness, among other things. In addition, *Presidential Policy Directive 8 on National Preparedness* assigns DHS responsibility for coordinating preparedness efforts among federal executive branch departments and agencies and directs the Secretary of Homeland Security to develop a national preparedness goal and design a national

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<sup>1</sup>The Post-Katrina Act was enacted as Title VI of the Department of Homeland Security Appropriations Act, 2007, Pub. L. No. 109-295, 120 Stat. 1355 (2006).



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preparedness system to address the greatest risks to the nation.<sup>2</sup> As an implementing guidance for this national preparedness system, FEMA issued the latest version of the National Response Framework (NRF) in May 2013.<sup>3</sup> The NRF identifies 14 emergency support functions (ESF) that serve as the federal government's primary coordinating structure for building, sustaining, and delivering response capabilities. Each ESF comprises a federal department or agency that has been designated as the ESF coordinator, along with a number of primary and support agencies.<sup>4</sup> For example, the Environmental Protection Agency is the coordinating agency for the Oil and Hazardous Materials Response ESF. According to the NRF, the Secretary is to ensure that overall federal preparedness actions are unified, complete, and synchronized to prevent unfilled gaps or seams in the federal government's efforts.

FEMA's Grant Programs Directorate (GPD), provides preparedness grants to state, local, tribal, and territorial governments, as well as transportation authorities, nonprofit organizations, and the private sector, to improve the nation's readiness in preventing, protecting against, responding to, recovering from and mitigating terrorist attacks, major disasters and other emergencies. From fiscal years 2002 through 2015, DHS awarded over \$40 billion to a variety of DHS preparedness grant programs to enhance the capabilities of state, local, tribal, and territorial grant recipients to carry out the above activities related to terrorist attacks and other disasters. In February 2016, DHS announced the availability of

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<sup>2</sup>*Presidential Policy Directive 8 on National Preparedness* updated and replaced the former *Homeland Security Presidential Directive 8* on the same topic, which identified the same responsibility for the Secretary of Homeland Security. The White House, *Presidential Policy Directive 8 on National Preparedness* (Washington, D.C.: Mar. 30, 2011). *The National Preparedness Goal*, issued in September 2011, defines the core capabilities necessary for emergency response to specific types of incidents, including acts of terrorism and natural disasters. *The National Preparedness System* was issued in November 2011 and is intended to guide activities to achieve the national preparedness goal. Specifically, it provides guidance on the planning, organization, equipment, training, and exercises needed to develop and maintain domestic emergency response capabilities.

<sup>3</sup>DHS, *National Response Framework* (Washington, D.C.: May 2013).

<sup>4</sup>According to the NRF, ESF primary agencies have significant authorities, roles, resources, and capabilities for a particular function within an ESF, and ESF support agencies have specific capabilities or resources that support primary agencies in executing the mission of the ESF.

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10 preparedness grant programs totaling more than \$1.6 billion for fiscal year 2016.<sup>5</sup>

My testimony today covers our prior work on FEMA preparedness efforts from March 2011 to February 2016 and selected updates conducted in March 2016. This statement specifically addresses 1) FEMA's progress in strengthening federal preparedness efforts and collaborating with interagency partners and 2) FEMA's efforts to manage preparedness grants.

To conduct this prior work, we reviewed relevant presidential directives, laws, regulations, policies, strategic plans, and key program documents; and interviewed federal, state, and local officials, among others. More detailed information on our scope and methodology can be found in each of the reports cited throughout this statement. To update our work, we interviewed relevant FEMA officials to obtain updates on recent progress on efforts to improve coordination among preparedness grant programs. The work upon which this testimony is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>5</sup>Preparedness Grant Program Allocations for Fiscal Year 2016 include Emergency Management Performance Grants, Homeland Security Grant Program (comprised of the State Homeland Security Program, Urban Area Security Initiative and Operation Stonegarden), Tribal Homeland Security Grant Program, Nonprofit Security Grant Program, Intercity Passenger Rail - Amtrak Program, Port Security Grant Program, Transit Security Grant Program, and the Intercity Bus Security Grant Program.

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FEMA Has Made Progress in Strengthening Federal Preparedness Efforts and Has Collaborated Effectively with Interagency Partners on Logistics

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FEMA Issued Guidance on Expectations for ESF Preparedness but Could Enhance Tracking of Corrective Actions

At the federal level, FEMA has made progress in issuing guidance on what the minimum expectations are for ESF preparedness, and officials also reported they plan to continue enhancing their tracking of corrective actions in response to exercises and real-world incidents. For example, in December 2014, we found that the departments responsible for coordinating federal emergency support functions in preparation for national disaster response carry out their responsibilities in various ways, but that the Secretary of Homeland Security's ability to assess ESF preparedness could be enhanced.<sup>6</sup> Specifically, we found that ESF coordinators conduct a range of coordination, planning, and capability assessment activities and all 10 ESF coordinators across the five departments in our review reported coordinating with stakeholders and developing at least one ESF planning document.<sup>7</sup> However, we also found that FEMA, in its role as chair of the ESF Leadership Group, had not issued guidance to ESF coordinators detailing expectations for the minimum standards for activities and product deliverables necessary to demonstrate ESF preparedness. In the absence of such guidance, we

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<sup>6</sup>GAO, *Emergency Preparedness: Opportunities Exist to Strengthen Interagency Assessments and Accountability for Closing Capability Gaps*, GAO-15-20 [Reissued on Dec. 9, 2015], (Washington, D.C.: Dec. 4, 2014).

<sup>7</sup>The following ESFs were included in our review because they are coordinated by one of the five departments: DOD—Public Works and Engineering; DOE—Energy; HHS—Public Health and Medical Services; DHS—Communications, Information and Planning; Mass Care, Emergency Assistance, Temporary Housing, and Human Services; Logistics; Search and Rescue, and External Affairs; and DOJ—Public Safety and Security.

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found that ESF coordinators were inconsistently carrying out their emergency response preparedness activities, and we concluded that providing this guidance on expectations for ESF coordinators would better enable DHS and FEMA to assess the status of ESF response preparedness.

We recommended that FEMA—in coordination and collaboration with other federal departments and agencies through the ESF Leadership Group—issue guidance that details minimum expectations on how ESF coordinators are to demonstrate (1) that coordination with ESF primary and support agencies is sufficient, (2) that planning and preparedness activities are appropriate, and (3) whether required capabilities are available to effectively and efficiently respond to a disaster. FEMA concurred with our recommendation, and in June 2015 issued the recommended guidance for ESF coordinators. According to the FEMA officials, the established metrics set standardized performance targets and preparedness actions across the ESFs. Specifically, the ESF Leadership Group developed and approved metrics for coordination, planning, and capabilities assessment. For example, (1) coordination metrics state that each ESF coordinator organizes one routine national meeting and maintains an updated ESF contact list for all primary and support agencies, among other actions; (2) planning metrics state that each ESF coordinator routinely updates ESF-level plans with relevant lessons learned and corrective actions and reviews them, among other actions; and (3) capabilities assessment metrics state that each ESF coordinator maintains a resource list and capabilities inventory for the ESF and that agencies maintain a list of corrective actions from exercises, real-world incidents, and other assessments for tracking and implementation. We believe the metrics and reporting on these metrics provide an opportunity to better measure preparedness efforts by assessing if ESF coordination and planning are sufficient and whether required ESF capabilities are available for disaster response.

We also found in December 2014 that federal departments that participated in national-level exercises monitor the status of their corrective actions; however, they do not report this information to DHS or FEMA, nor does DHS or FEMA comprehensively collect this information from the departments. As a result, DHS and FEMA cannot provide a comprehensive picture of the status of national preparedness in its reporting, as called for by *Presidential Policy Directive 8*. We recommended that FEMA—in coordination and collaboration with the National Security Council Staff and other federal departments and agencies—collect information on and regularly report to the Secretary the status of federal interagency implementation of corrective actions

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identified through national-level exercises and following real-world incidents, specifically major disasters. FEMA has taken some steps to address this recommendation, though it has not yet fully addressed it. Specifically, in October 2015, FEMA reported that the agency provides to the Secretary its National Exercise Program End-of-Cycle Report which now describes the status of interagency corrective actions from national-level exercises. FEMA also reported that the Hurricane Sandy Project Management Office, which FEMA manages, issues quarterly progress reports on milestone completion from recommendations reported by the Hurricane Sandy Rebuilding Task Force. FEMA's National Exercise Program End-of-Cycle Report contains useful information on the status of federal interagency implementation of corrective actions for those exercises. However, FEMA's progress reports related to Hurricane Sandy do not fully address our recommendation that FEMA issue regular reports to the Secretary on the status of corrective actions from real-world incidents, specifically major disasters. While FEMA is tracking recommended actions reported by the Hurricane Sandy Rebuilding Task Force, that tracking is limited to one specific real-world incident, rather than a comprehensive means of tracking the status and resolution of federal interagency disaster response issues associated with major disasters. According to FEMA officials, they are working to identify a structure and scope for such tracking and reporting that will be acceptable and feasible for implementation across the multiple federal agencies. We will continue to monitor FEMA's efforts to enhance its tracking and reporting of corrective actions from real-world incidents.

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**FEMA Collaborates  
Effectively with  
Interagency Partners on  
Logistics**

We have also found that FEMA has collaborated effectively with its federal interagency partners in the area of logistics support and preparedness for disasters. Specifically, in September 2015, we assessed FEMA's interagency efforts in the area of national logistics support for disasters and reported that FEMA has taken actions described in the Logistics Annex to the NRF for ESF #7 Logistics Management and Resource Support (ESF 7), to work with its federal partners in a manner that reflects leading practices for interagency collaboration.<sup>8</sup> For example, we found that FEMA's Logistics Management Directorate has facilitated meetings and established interagency agreements with ESF 7 partners such as the Department of Defense and the General Services

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<sup>8</sup>GAO, *Emergency Management: FEMA Collaborates Effectively with Logistics Partners but Could Strengthen Implementation of Its Capabilities Assessment Tool*, GAO-15-781 (Washington, D.C.: Sept. 10, 2015).

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Administration, and identified needed quantities of disaster response commodities, such as food, water, and blankets.

We found that these actions reflected ESF 7 guidance to establish collaborative relationships and interagency agreements to leverage federal partners' capabilities to support disaster response efforts. Additionally, FEMA defined desired outcomes and measures to monitor the progress and success of federal ESF 7 collaborative efforts. For example, FEMA tracks the percentage of disaster response commodities delivered by agreed-upon dates, and that are available through FEMA and its ESF 7 partners. As a result of these actions, FEMA's work with its federal partners reflects leading practices for interagency collaboration—such as identifying a lead agency and shared responsibilities, and defining outcomes to measure success—and should help FEMA's Logistics Management Directorate demonstrate preparedness to meet ESF 7 functions.

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**Continuing  
Coordination and  
Assessment  
Challenges Limit the  
Effectiveness of  
FEMA's Grant  
Management**

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**FEMA Has Not Resolved  
Coordination Challenges  
in Managing  
Preparedness Grants**

In February 2016, we reported that FEMA has taken some steps, but has not fully addressed longstanding preparedness grant management coordination challenges between its headquarters and regional offices.<sup>9</sup> We found that for several preparedness grant programs, FEMA headquarters staff in GPD and regions share management and monitoring responsibilities. Assessments by GPD and others since 2009 have recommended that regional offices, rather than headquarters offices, be responsible for managing and monitoring preparedness grants

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<sup>9</sup>GAO, *Federal Emergency Management Agency: Strengthening Regional Coordination Could Enhance Preparedness Efforts*, GAO-16-38 (Washington, D.C.: Feb. 4, 2016).

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to avoid confusion and duplication, and to strengthen coordination with state and local grantees. In July 2011, we found that GPD had efforts underway to regionalize grant management responsibilities and improve coordination of preparedness grants, and that these efforts were consistent with internal control standards.<sup>10</sup> On the basis of the results of our review of GPD's plans and efforts to regionalize grant management functions, we did not make recommendations at that time. However, GPD officials reported that in 2012 it changed course and decided to continue sharing grant management between headquarters and regions, referred to as a hybrid grant management structure, because, among other things, estimates that the costs of regionalization would be greater than the annual savings FEMA identified in an earlier study and FEMA management's belief that risks associated with the change, such as inconsistent program implementation across the regions, outweighed the potential benefits. GPD officials said that, since then, they have taken steps to address coordination challenges associated with this hybrid grant management structure. However, we found in February 2016 that these challenges continue. For example, states and FEMA regional officials told us that FEMA headquarters and regions did not always coordinate their monitoring visits which can be disruptive to the state emergency management agency's day-to-day operations. FEMA regional officials also reported that headquarters and regions sometimes provided inconsistent guidance to grantees. Further, while GPD officials identified some steps they plan to take to address the challenges, we found that GPD lacks a plan with time frames and goals for addressing them.

We recommended that FEMA develop a plan with time frames, goals, metrics, and milestones detailing how GPD intends to resolve longstanding challenges associated with its existing hybrid grants management model, which divides responsibilities between regional and headquarters staff. FEMA did not concur with our recommendation, stating that it disagreed with our characterization of longstanding challenges in managing preparedness grants. As we stated in the report, multiple assessments dating back to 2009 have reported challenges with

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<sup>10</sup>GAO, *FEMA Has Made Progress in Managing Regionalization of Preparedness Grants*, GAO-11-732R (Washington, D.C.: July 29, 2011). We reported, for example, that FEMA established a task force as an oversight and evaluation mechanism and developed an implementation plan, which includes a phased approach to piloting and delegating specific grants administration functions for preparedness grants to the regions and delineates an approach, including roles and responsibilities, for key implementation activities such as training and communications.

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the hybrid model that splits management of preparedness grants between FEMA's headquarters and regional offices. As also noted in our report, officials from four FEMA regional offices and officials from three states within those regions provided various examples of a lack of coordination between headquarters and regional staff in managing preparedness grants, including instances that took place in 2014 and as recently as September 2015. Based on our review of the past assessments and the audit work we performed, we believe that these challenges are longstanding. We continue to believe that FEMA would benefit from a more strategic approach, including a plan, with time frames, goals, metrics, and milestones that details how officials intend to resolve longstanding challenges associated with the existing hybrid model.

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**FEMA Has Faced Delays in Improving Coordination among Preparedness Grant Programs**

FEMA has faced delays in addressing the need for improved coordination among grant programs identified in our prior work. Specifically, we found in February 2012 that multiple factors contribute to the risk of duplication among four FEMA preparedness grant programs—the State Homeland Security Program, Urban Areas Security Initiative, Port Security Grant Program, and Transit Security Grant Program.<sup>11</sup> Specifically, these programs share similar goals, fund similar projects, and provide funds in the same geographic regions. Further, we found that DHS's ability to track grant funding, specific funding recipients, and funding purposes varies among the programs, giving FEMA less visibility over some grant programs. Also, DHS's award process for some programs bases decisions on high-level, rather than specific, project information. Although our analysis identified no cases of duplication among a sample of grant projects, the above factors collectively put FEMA at risk of funding duplicative projects. As a result, in 2012, we included these challenges in our annual report on duplication, overlap, and fragmentation in federal programs, agencies, offices, and initiatives. FEMA has not yet taken action to fully address our concerns.<sup>12</sup>

We recommended in February 2012 that FEMA take steps, as it develops its new grant system called the Non-Disaster Grants Management

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<sup>11</sup>GAO, *Homeland Security: DHS Needs Better Project Information and Coordination among Four Overlapping Grant Programs*, GAO-12-303 (Washington, D.C.: Feb. 28, 2012).

<sup>12</sup>GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012).



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System (ND Grants), to collect project information with the level of detail needed to better position the agency to identify any potential unnecessary duplication within and across the four grant programs, weighing any additional costs of collecting these data. In December 2012, FEMA officials reported that the agency intended to start collecting and analyzing project-level data from grantees in fiscal year 2014, using the new ND Grants system. However, as of March 2016, FEMA has not yet finalized specific data requirements and has not fully established the system. The implementation of the ND Grants system had been delayed, but FEMA stated in March 2016 that it plans to use the system to accept more detailed project-level grant applications in fiscal year 2017. Due to the delays to the new grants system, GPD has developed an alternative solution to try to capture more robust project-level data, such as project budget data, from grantees during the application phase of the grant process. Specifically, GPD officials reported that GPD is modifying an existing data system to be able to capture these data when grantees apply for grant funding. According to GPD, collecting the project-level data will allow GPD to have much greater detail on how grantees plan to utilize funding at a project level and enable GPD to utilize this information to evaluate grant applications and minimize duplication. However, FEMA reported that, even with this proposed solution, grant management officials will not be able to cross-check for redundant projects across all preparedness grant programs until project-based applications are deployed in the new grants system, since some applications currently do not have sufficient detail for coordinated review of projects. In addition, GPD officials reported that the Transit Security and Port Security Grant programs will not be included as part of this interim solution, but will be included when project-based applications and reporting are established in the new grants system. Given these continued challenges and delays in implementing the ND Grants system, our recommendation has not been addressed, and we are continuing to monitor FEMA's efforts to implement the new grants system to collect more detailed project-level information on grant applications.

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**FEMA Faces Challenges  
in Validating Grant  
Performance Data and  
Establishing a Framework  
to Assess Capabilities and  
Inform Grant Priorities**

In the area of performance assessment, we reported in June 2013 on limitations in FEMA's ability to validate the performance data it collects.<sup>13</sup> Specifically, we found that two of FEMA's preparedness grant programs—Emergency Management Performance Grants (EMPG) and Assistance to Firefighters Grants (AFG) programs—collect performance information through a variety of reporting mechanisms but face challenges identifying outcomes at the agency level. These reporting mechanisms collect performance data used by FEMA regional offices and headquarters for different purposes. For example, headquarters focuses on the development of future program priorities and on reporting progress toward the National Preparedness Goal, while regions use program information to monitor primary grant recipients. DHS developed agency priority goals that reflect agency-wide, near-term priorities. According to FEMA officials, the EMPG and AFG programs have an indirect link to a DHS agency priority goal, as well as the National Preparedness Goal, because they support states' level of preparedness for disasters. According to FEMA officials, neither program has a standardized tool with which to validate the performance data that are self-reported by recipients; additionally, the regions are inconsistent in their approaches to verifying program performance data. We concluded that the absence of a formal established validation and verification procedure, which is directed by the Office of Management and Budget's Circular No. A-11, could lead to the collection of erroneous performance data.

We recommended that FEMA ensure that there are consistent procedures in place at the program office and regional level to promote verification and validation of grant performance data that allow the agency to attest to the reliability of EMPG and AFG grant data used for reporting progress toward goals. DHS concurred with our recommendation and stated that FEMA would explore effective and affordable ways to verify and validate EMPG and AFG grant performance data. In April 2015, FEMA officials reported that FEMA was in the process of developing the data verification and validation checks of EMPG grantee performance reporting. For example, according to FEMA officials, they have revised reporting templates and uniform table definitions to make it easier for grantees to submit accurate, complete, and consistent information on programmatic activities such as the completion of training and exercise requirements. However, these processes have not yet been fully

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<sup>13</sup>GAO, *Grants Performance: Justice and FEMA Collect Performance Data for Selected Grants, but Action Needed to Validate FEMA Performance Data*, GAO-13-552 (Washington, D.C.: June 24, 2013).

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implemented, and FEMA officials have not yet provided similar tools and checklists for the AFG program.

We also reported in March 2011 the need for FEMA to improve its oversight of preparedness grants by establishing a framework, including measurable performance objectives, for assessing urban area, state, territory, and tribal capabilities to identify gaps and prioritize investments.<sup>14</sup> Specifically, we recommended that FEMA complete a national preparedness assessment of capability gaps at each level based on tiered, capability-specific performance objectives to enable prioritization of grant funding. With such an assessment, FEMA could identify the potential costs for establishing and maintaining capabilities at each level and determine what capabilities federal agencies should provide. We reported in March 2013 that FEMA has made some progress in assessing its preparedness capabilities, but continued to face challenges developing a national preparedness system that could assist FEMA in prioritizing preparedness grant funding.<sup>15</sup> For example, in March 2012, FEMA issued the first National Preparedness Report, which describes progress made to build, sustain, and deliver capabilities. In April 2012, FEMA issued guidance on developing Threat and Hazard Identification and Risk Assessments (THIRA) to facilitate the self-assessments of regional, state, and local capabilities. FEMA requires state, territory, tribal, and urban area governments receiving homeland security funding to annually complete THIRAs and use the results to determine the resources required to achieve the capability targets they set for their jurisdiction. However, we found in March 2013 that FEMA faced challenges that may reduce the usefulness of these efforts. For example, the National Preparedness Report noted that while many programs exist to build and sustain preparedness capabilities, challenges remain in measuring their progress over time. According to the report, in many cases, measures do not yet exist to gauge the performance of these programs, either quantitatively or qualitatively. Further, while FEMA officials stated that the THIRA process is intended to develop a set of national capability performance requirements and measures, as of March 2016 such requirements and measures have not yet been developed. We

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<sup>14</sup>GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

<sup>15</sup>GAO, *National Preparedness: FEMA Has Made Progress in Improving Grant Management and Assessing Capabilities, but Challenges Remain*, GAO-13-456T (Washington, D.C.: Mar. 19, 2013).

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concluded that until FEMA develops clear and quantifiable capability requirements and performance measures that provide a framework for assessing its capability gaps, it is unclear what capability gaps currently exist and what level of federal resources will be needed to close such gaps. We plan to continue to monitor FEMA's efforts to develop capability requirements and performance measures, and to assess its capability gaps to inform grant funding priorities.

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Chairman Paul, Ranking Member Baldwin, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to respond to any questions you may have.

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#### GAO Contact and Staff Acknowledgments

For questions about this statement, please contact Chris Currie at (404) 679-1875 or [currie@gao.gov](mailto:currie@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this statement include Chris Keisling (Assistant Director), Carissa Bryant, Tracey King, David Alexander, and Ashley Rawson.

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#### Related GAO products

*Federal Emergency Management Agency: Strengthening Regional Coordination Could Enhance Preparedness Efforts.* GAO-16-38. Washington, D.C.: February 4, 2016.

*Emergency Management: FEMA Has Made Progress since Hurricanes Katrina and Sandy, but Challenges Remain.* GAO-16-90T. Washington, D.C.: October 22, 2015.

*Emergency Management: FEMA Collaborates Effectively with Logistics Partners but Could Strengthen Implementation of Its Capabilities Assessment Tool.* GAO-15-781. Washington, D.C.: September 10, 2015.

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*FEMA Has Made Limited Progress in Efforts to Develop and Implement a System to Assess National Preparedness Capabilities.* GAO-11-51R. Washington, D.C.: October 29, 2010.

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*Homeland Security: Management of First Responder Grant Programs Has Improved, but Challenges Remain.* GAO-05-121. Washington, D.C.: February 2, 2005.



**UNITED STATES DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

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**Hearing on  
FEMA: Assessing Progress, Performance, and Preparedness**

**An Overview of the USDOT Pipeline and Hazardous Materials Safety  
Administration's Actions for Improving Emergency Response to Train  
Derailments Involving Hazardous Materials**

**Before the  
Senate Committee on Homeland Security and Governmental Affairs  
Subcommittee on Federal Spending Oversight and Emergency  
Management**

**Written Statement of John Drake  
Deputy Administrator  
Pipeline and Hazardous Materials Safety Administration  
U.S. Department of Transportation**

**Expected Delivery 3:00 p.m.  
April 12, 2016**



*Oral Written Statement:  
PHMSA Actions to Improve Emergency Response in Train Derailments Involving Hazardous Materials*

## **I. Introduction**

Chairman Paul, Ranking Member Baldwin, and members of the Subcommittee, thank you for inviting me to testify today on behalf of the U.S. Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) to discuss our efforts to ensure the safe and reliable transport of hazardous materials by rail.

PHMSA's mission is to protect people and the environment by advancing the safe transportation of energy and other hazardous materials that are essential to our daily lives.

On any given day, more than 6 million tons of hazardous materials safely move across the Nation's land, water, and air transportation corridors. PHMSA ensures the safe transportation of energy products and other hazardous materials across all modes of transportation, including materials transported by pipeline, rail, roadway, air, and waterway.

Over the last six years the amount of crude oil being transported by rail has increased significantly. This increase has affected communities along rail lines in many ways: from increased traffic at grade crossings to concerns about leaks, spills, potential derailments, or other incidents.

PHMSA is working to ensure that all involved – including community members and emergency responders – are prepared in the event of an accident. PHMSA works closely with local law enforcement, emergency responders, and hazardous materials professionals to share information and support their efforts to prepare for and respond to incidents involving hazardous materials. This includes providing annual grants to support training for emergency responders and other hazardous materials professionals.

Additionally, PHMSA recently released the Transportation Rail Incident Preparedness and Response (TRIPR) training resource. Developed in coordination with other public safety agencies and stakeholders, TRIPR leverages the expertise of rail carriers and industry subject matter experts to better prepare first responders to safely manage incidents

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involving trains transporting large amounts of flammable liquids, including crude and ethanol. This free, off-the-shelf training is available online and can be used anywhere throughout the country.

In addition to providing grants and resources like TRIPR, PHMSA, in consultation with the Federal Railroad Administration (FRA), issued a comprehensive Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains final rule in May 2015. This rule required tank cars on trains carrying large volumes of Class 3 flammable liquids to be much stronger, less likely to puncture, and more likely to remain intact following a derailment or fire. It required a new, more efficient braking system for trains carrying very large volumes of these products. The braking system, referred to as Electronically Controlled Pneumatic (ECP) brakes, reduces stopping distances, decreases the number of tank cars likely to leave the tracks in an incident, and helps to decrease the likely severity of a derailment. The rule also reduced speed limits for crude trains, and required operators to take additional steps to ensure they are properly classifying flammable liquids like crude oil and ethanol before shipping.

My testimony today will focus on PHMSA's actions to improve the safety and reliability of transporting hazardous materials by rail – including implementing key components of the Fixing America's Surface Transportation (FAST) Act related to crude-by-rail safety and preparing first responders for emergency incidents involving train derailments, in coordination with the Federal Emergency Management Agency (FEMA), and other agencies at the State and local level.

## **II. Hazardous Materials Program Overview**

Each year more than 2.5 billion tons of hazmat shipments, including explosive, poisonous, corrosive, flammable, and radioactive materials travel throughout our Nation. PHMSA's hazardous materials safety program develops and enforces regulations designed to reduce risk and prevent incidents. Fees collected from hazardous materials shippers and carriers are used to fund grants for increased emergency preparedness capabilities in States,

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territories, and Tribes, and to conduct training and outreach programs for shippers, carriers, and first responders.

#### **A. PHMSA 2021**

To meet future demands, PHMSA is updating its organizational framework to enhance its planning, performance, data, and economic analysis. This new framework will better inform inspection, enforcement and regulatory capabilities, and overall program execution, allowing PHMSA to be more predictive, consistent, and responsive. PHMSA's vision for 2021 is to become the most innovative transportation safety organization in the world. This vision for PHMSA's pipeline and hazardous materials safety programs will ensure the Agency is responsive and able to address emerging safety risks and other priorities. It will enable PHMSA to invest in the capabilities and skills necessary to utilize data to provide timely and effective regulations, enforcement, implementation of innovative technology, research and development investments, and public outreach to become a forward-looking, proactive, innovative, and data-driven organization. These and future changes will transform PHMSA into a next-generation safety agency and enable PHMSA's staff and other stakeholders to advance transportation safety.

PHMSA coordinates hazardous materials transportation related activities within the DOT and across other Federal, State, and local agencies. PHMSA is committed to staying ahead of industry trends, strengthening State partnerships, and ensuring the highest level of safety. We look forward to working with Congress to continue to enhance PHMSA's safety mission.

#### **B. Regulatory Actions and Efforts**

##### **1. Emergency Order**

In recent years, America's domestic energy boom has led to increased rail traffic of crude oil. Oil trains cross the country with increased frequency and carry large volumes of crude oil per train. This highly visible phenomenon, coupled with several notable derailments, including the Lac-Mégantic, Quebec oil train incident, led to concerns that railroads were

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not providing adequate information to emergency responders. In response to these safety concerns and derailments, DOT issued Emergency Order (Docket No. DOT-OST-2014-0067).

The Emergency Order directed railroads to provide an emergency point of contact for State Emergency Response Commissions (SERCs) and local emergency responders, in case of an emergency related to trains carrying shipments of Bakken crude oil. Further, it directed railroads to share information on volumes, description, emergency response information, and routing for Bakken crude oil trains with SERCs. Generally, SERCs are responsible for supervising and coordinating with the local emergency planning committees in states, and DOT determined that SERCs are the most appropriate point of contact to convey written notifications regarding the transportation of trains containing large quantities of Bakken crude oil to emergency responders.

## **2. High-Hazard Flammable Trains Rule**

On May 8, 2015, PHMSA, in consultation with the FRA, published the Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains final rule. The rule established a new tank car standard, required a new braking standard, and issued an aggressive retrofitting schedule for tank cars carrying crude oil and ethanol. Additionally, this rule required railroads that transport certain hazardous materials to perform a comprehensive safety and security risk analysis to determine the safest routes, required shippers to implement new sampling and testing requirements to ensure the proper classification of energy products, and limit High-Hazard Flammable Trains (HHFTs) to 50 mph in all areas, with the exception of those tank cars not meeting enhanced tank car standards, which are required to operate under a 40 mph speed restriction in high threat urban areas.

## **3. Oil Spill Response Planning**

In August 2014, PHMSA and FRA published an Advanced Notice of Proposed Rulemaking (ANPRM) seeking public input on revisions to the comprehensive oil spill response plan requirements to address shipments of large volumes of crude by rail.

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PHMSA reviewed the comments and drafted a proposed rule that expands and strengthens comprehensive oil spill response plan requirements. PHMSA's proposed rule also requires railroads to share information about HHFT operations with State and Tribal emergency response organizations. This proposed rule is now supported by the FAST Act, which also mandates that PHMSA issue regulations to require information sharing through SERCs. Further, Congress expressed support for the revision of comprehensive oil spill plan requirements and will receive periodic updates on the status of the proposed rule. This effort is a priority for DOT, and the draft Notice of Proposed Rulemaking (NPRM) is currently undergoing interagency review at the Office of Management and Budget (OMB). PHMSA estimates that the agency will publish a draft Notice of Proposed Rulemaking in June 2016.

#### **4. Modification Reporting**

As mandated by the FAST Act, PHMSA is working closely with FRA and DOT's Bureau of Transportation Statistics (BTS) to implement a reporting requirement that monitors industry-wide progress toward modifying rail tank cars used for the transportation of flammable liquids. PHMSA, FRA, and BTS will coordinate to compile this information and submit a report to Congress annually.

#### **5. Real Time Emergency Response Information**

As mandated by the FAST Act, Class I Railroads transporting hazardous materials are required to generate accurate, real-time electronic train consist information. Should an accident or incident occur, the lack of immediately available and accurate information about train cargo can prevent emergency responders from quickly analyzing and managing the accident scene and assessing the potential for a hazardous materials release. PHMSA is drafting a rule to address this mandate, and estimates that the agency will publish a Notice of Proposed Rulemaking in July 2016.

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#### **6. Hazardous Materials by Rail Liability Study**

As mandated by the FAST Act, PHMSA has initiated a study on the levels and structure of insurance for railroad carriers transporting hazardous materials. PHMSA has contracted with the John A. Volpe National Transportation Systems Center to conduct this study. After completion, PHMSA will submit a report to Congress with the results containing recommendations to address liability issues in the transportation of hazardous materials by rail.

#### **7. HM-ACCESS Initiative**

As mandated by the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21), PHMSA conducted a major study on the feasibility of implementing electronic shipping papers. This study is part of the Hazardous Materials–Automated Cargo Communications for Efficient and Safe Shipments (HM-ACCESS) initiative, that looks to identify ways to eliminate current barriers to paperless tracking and hazard communications technologies. When complete, this initiative will improve the availability, accuracy, and speed by which information is accessible to emergency responders. In addition to our HM-ACCESS activities, PHMSA issued a Special Permit to the United Parcel Service (UPS) authorizing electronic transmission of shipping papers for certain low-hazard shipments within their ground operations. The Special Permit allows UPS to share hazardous materials information with emergency responders and other necessary officials via email, fax, or telephone, which improves transportation efficiency without sacrificing public safety.

### **III. Providing Resources for Emergency Responders**

PHMSA's Hazardous Materials Grants Program provides resources to local communities and emergency responders to prepare for and respond to hazardous materials incidents. The grants also provide critical training for emergency responders and other hazardous materials professionals who respond to incidents involving hazardous materials. PHMSA funds these grants through an annual registration fee collected from shippers and carriers who offer certain types and quantities of hazardous materials for transport.

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PHMSA Actions to Improve Emergency Responses to Train Derailments Involving Hazardous Materials

Hazardous Materials Grants Program		
Grant	Summary	FY2016 Amount
Hazardous Materials Emergency Preparedness (HMEP) Grant	The HMEP grant provides funding to State, territorial, Tribal, and local entities to improve effectiveness in safely and efficiently handling hazardous materials accidents and incidents, enhance implementation of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA), and encourage a comprehensive approach to emergency training and planning.	\$21.8 million
Hazardous Materials Instructor Training (HMIT) Grant	The HMIT grant is a competitive program by which instructors are trained to deliver hazardous materials training to hazmat employees. Funding for the program is made available to non-profit organizations that demonstrate an expertise in conducting a training program for hazmat employees and the ability to reach and involve, in a training program, a target population of hazmat employees.	\$4 million
Supplemental Public Sector Training (SPST) Grant	The SPST grant provides funding to non-profit organizations for training instructors who conduct hazardous materials response training programs (train-the-trainer).	\$1 million
Assistance for Local Emergency Response Training (ALERT) Grant	The ALERT Grant provides funding for hazmat training for volunteer or remote emergency responders. This grant focuses on emergency response activities specifically involving the transportation of crude oil, ethanol, and other flammable liquids by rail. PHMSA estimates that 25,000 first responders, including volunteers, will benefit from the ALERT grant over the next two years.	\$5.9 million
Community Safety Grant	Established under the FAST Act, the Community Safety Grant is a competitive grant that provides funding to non-profit organizations who conduct national outreach and training programs to assist communities in preparing for and responding to accidents and incidents involving the transportation of hazardous materials (including Class 3 flammable liquids by rail).	\$1 million

## A. TRAINING AND OUTREACH

### 1. Establishing Training Guidelines

Emergency management issues such as preparedness, response, and recovery are shared concerns for both PHMSA and FEMA, so the agencies share information on hazard mitigation planning. PHMSA also issues special permits for hazardous materials transportation to, from, and within disaster areas.

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Through an inter-agency agreement, PHMSA is working with the National Fire Academy of the U.S. Fire Administration and FEMA to collaboratively develop the 2016-2017 Guidelines for Public Sector Hazardous Materials Training. The guidelines will provide the most current standards that will improve the quality and comprehensiveness of hazardous materials training for first responders. PHMSA and FEMA are working diligently to ensure the joint effort includes (1) the development and maintenance of guidelines against which courses can be assessed by State, territory, Tribal, and local training managers, and (2) the implementation and maintenance of support systems to help State, territory, Tribal, and local training offices improve key elements that affect the quality of training, including needs assessment, training plan development, testing, and assimilation of existing courses and materials from other jurisdictions.

## **2. Developing Training Resources**

By collaborating with FEMA and the emergency response community, PHMSA developed the web-based TRIPR training modules to provide critical information on best practices related to rail incidents involving flammable liquids, such as crude oil and ethanol. A key component of this initiative is to leverage the knowledge gained from past experiences of public safety agencies, rail carriers, and industry subject matter experts. Each module contains a PowerPoint presentation, student workbook, and an instructor lesson plan. The free modules are available on PHMSA's website and can be delivered anywhere across the country to assist states and local communities in building their flammable liquids by rail training curriculum. PHMSA recently received a request from Transport Canada asking to use the modules as part of their training resource for flammable liquids by rail.

## **3. Emergency Response Guidebook**

Every four years, PHMSA and our counterparts in Canada and Mexico revise the Emergency Response Guidebook (ERG). The ERG provides first responders with a go-to manual to help quickly identify emergency response procedures to deal with hazmat transportation accidents during the critical first 30 minutes. DOT's goal is to place an ERG in every public emergency service vehicle nationwide. To date, nearly 11 million free



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copies have been distributed to the emergency response community through State emergency management coordinators. In North America, the ERG is printed in English, French, and Spanish and is reproduced by other nations. PHMSA also developed a free mobile application of its ERG on multiple smart phone platforms, with more than 500,000 downloads to date. PHMSA recently published the 2016 edition of the ERG, which includes the most recent dangerous goods recommendations from the United Nations. The ERG 2016 mobile application is scheduled to be released in May 2016.

#### **IV. CLOSING**

Keeping communities safe requires constant vigilance, a comprehensive approach to safety and an openness to the use of new technology. Safety is PHMSA's mission and highest priority, and the agency will continue to do all it can to improve safety and transparency. We look forward to working with Congress to continue to enhance PHMSA's safety mission.

Thank you again for the opportunity today to discuss PHMSA's actions on the safe and reliable transport of hazardous materials.

<b>Question#:</b>	1
<b>Topic:</b>	Grants Unspent
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Ron Johnson
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** During the hearing, you described some steps that FEMA takes to ensure that preparedness grants are used effectively by recipients. However, as of December 31, 2015, approximately \$3.8 billion of FEMA preparedness grants remained unspent. This includes \$1.6 billion in FY15 funds and over \$1.5 billion in FY14 funds.

Why have these FY14 and FY15 funds not been spent?

What actions is FEMA taking to provide oversight of funds already granted to state and local governments? What metrics does FEMA use to track the success of its oversight efforts?

Is there a date when these funds will no longer be spent, or do they remain available indefinitely?

**Response:** A balance of funding available for preparedness grant programs is not the only indicator of grant management effectiveness. FEMA performs proactive monitoring at all stages of a grant recipient's award lifecycle in order to ensure effective management of funds. It conducts pre-award risk reviews prior to awards being made and, once awards are issued, conducts regular quarterly, biannual, and annual financial and programmatic monitoring. We also study audit findings from GAO, OIG, A-133, and Improper Payments Elimination and Recovery Improvement Act (IPERIA) results, and use that data to better understand trends so that we can both tactically and strategically assist grantees and staff to become more effective stewards of federal financial assistance funds. For those grant recipients where monitoring indicates a recipient may be experiencing difficulty in meeting the requirements of their grant award, FEMA conducts desk reviews and/or on-site monitoring to ensure compliance with Federal regulations and the terms and conditions of their grant award as well as to provide grant recipients with technical assistance. In FY 2015, fewer than 10% of grant recipients were determined to need advanced monitoring.

FEMA works diligently with grant recipients to ensure that grant funding is spent within the period of performance. Requests to extend the period of performance are heavily scrutinized and must meet strict criteria for approval. Pursuant to 31 U.S.C. § 1552, awarded funds are only available for expenditure until five years after the end of the initial period of availability for obligation. Any funding not spent by that time is returned to the United States Treasury.

<b>Question#:</b>	1
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<b>Committee:</b>	HOMELAND SECURITY (SENATE)

As of March 31, 2016 the balance of Fiscal Year (FY) 2014 preparedness grants is \$1.38 billion. As these grants move closer the end of their period of performance, FEMA anticipates that, consistent with previous fiscal years, additional funding will be drawn down. Because payments for preparedness grant funding is done on a reimbursement basis there is generally a flurry of activity near the end of the period of performance as procurement activities are completed and grantees request final payment for all activity under the grant, as grantees move forward with project development and implementation. Fiscal Year 2015 grant funding was awarded in August 2015, therefore the balance of FY 2015 grant funding available as of December 2015 is at a level consistent with historical spending rates. Generally, grant balances remain high in the first year of the period of performance and then drop significantly in the second and third years. FY 2014 awards have a two-year period of performance and FY 2015 awards have a three-year period of performance.

<b>Question#:</b>	2
<b>Topic:</b>	GAO Recommendation
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Ron Johnson
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** The Government Accountability Office (GAO) has stated that FEMA relies on states to self-report their capability requirements and level of preparedness, and has recommended that FEMA complete a more quantitative national preparedness assessment of capability gaps and direct grant funding accordingly. However, GAO stated that FEMA does not agree with this approach and does not plan to address the recommendation.

Why does FEMA not agree with this recommendation?

What steps, if any, is FEMA taking to complete a more quantitative national preparedness assessment of capability gaps, in line with GAO's previous recommendation? How is the approach taken by FEMA superior to the approach recommended by GAO?

**Response:** GAO provided testimony recommending "FEMA complete a national preparedness assessment of capability gaps at each level based on tiered, capability-specific performance objectives to enable prioritization of grant funding."

FEMA has addressed this recommendation through the implementation of the State Preparedness Report (SPR), and Threat and Hazard Identification and Risk Assessment (THIRA) and the publication of the National Preparedness Report (NPR).

Through the THIRA and SPR, states and territories set capability targets, identify the resources required to meet their targets, evaluate their current capabilities, and compare current capabilities with capability targets to identify specific gaps and shortfalls. States and territories use this information to prioritize grant projects that address capability gaps and shortfalls and resource requirements. States and territories use a consistent methodology for completing the THIRA and SPR and must set targets for each of the standard 32 core capabilities outlined in the National Preparedness Goal.

Consistent with the Post-Katrina Emergency Management Reform Act (PKEMRA) and the National Preparedness System, FEMA's approach emphasizes the inherently unique risks, hazards, and needs of each community across the country. In doing so, FEMA focuses on providing standardized guidance and support to states and territories as they establish their own capability targets and assess their current capabilities in meeting the National Preparedness Goal in their respective jurisdiction. Some states and territories have greater requirements, capabilities, and needs than others and no two jurisdictions are identical in their approach. As Deputy Administrator Manning stated in the hearing,

<b>Question#:</b>	2
<b>Topic:</b>	GAO Recommendation
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Ron Johnson
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

while risk and targets cannot be meaningfully aggregated across states, FEMA uses the THIRA and SPR processes to ensure states and territories allocate federal preparedness grant resources for each core capability according to their individual needs and risks. The quantitative measures used serve to identify levels of preparedness based on targets for a particular state. As such, information is less useful when aggregated across multiple states.

FEMA has taken several steps to improve the consistency, rigor, and accuracy of the THIRA and SPR. For example, in 2014, FEMA added standardized gap descriptions to the SPR. These gap descriptions consist of more detailed elements of each core capability, are based on the National Planning Frameworks, and will allow more exact identification of the nature of capability gaps nationwide. This information provides a clearer understanding of state and territory capability gaps and the progress made in addressing them. FEMA is continuously working with subject matter experts, states, territories, and other jurisdictions and stakeholders to enhance the THIRA and SPR in ways that further increase the utility and reliability of the data produced by these assessments.

The states and territories also provide information to FEMA each year describing how they validate the self-assessment capability ratings they report through the SPR. States and territories must indicate if their capability ratings were validated by experience in a real-world incident or exercise, and reported that this was the case for nearly 75 percent of all SPR ratings. While the SPR is fundamentally a self-assessment, FEMA regional and headquarters staff review SPR submissions for reasonableness, completeness, and data anomalies.

The findings of the THIRA and SPR are included in the NPR, contributing to a comprehensive overview of preparedness in the United States, including recent advances and areas in need of improvement.

FEMA publicly releases the NPR each year as the assessment of the Nation's progress preparing for a wide array of threats and hazards. The NPR uses quantitative and qualitative data from over 450 sources including federal agency data, survey data, non-governmental reports, and academic research. The combined data is then employed to evaluate and measure gains that individuals and community, private and nonprofit sectors, and all levels of government have made in preparedness. FEMA reviews and analyzes the relevant data sources to develop key findings related to national preparedness, such as identifying national strengths and areas for improvement and to summarize progress in building, sustaining, and delivering the core capabilities outlined in the National Preparedness Goal.

<b>Question#:</b>	2
<b>Topic:</b>	GAO Recommendation
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Ron Johnson
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

<b>Question#:</b>	3
<b>Topic:</b>	Pre-Certify Systems
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** While the Federal Emergency Management Agency (FEMA) plays a leading federal role in disaster preparedness and response, it also plays a recovery coordinating role, working with agencies like the Department of Housing and Urban Development (HUD) and the Small Business Administration (SBA) as communities rebuild. When the President declares a natural disaster and federal dollars are appropriated, states are faced with setting up policies and procedures to distribute the funds to people and projects in need.

With that in mind, to what extent does FEMA work to pre-certify compliant systems and establish contracts in advance for activities that will be necessary? If no such effort is ongoing, are there ways that FEMA could assist states and localities that want to establish pre-event processes and agreements for recovery activities?

**Response:** FEMA mission readiness posture is currently structured to deliver immediate support by way of Pre-Positioned contracts and its personnel assistance. FEMA administers Pre-Positioned contracts for multiple phases of preparedness, continuity, response, recovery and mitigation and it is mission essential for FEMA to initiate the use of these contracts as necessary in accordance with mission needs. The primary use of Pre-Positioned contracts occurs during the Response phase of a disaster while its Individual Assistance grants are used to support mission essential needs during the Recovery or post-disaster phase.

These vehicles (Pre-positioned contracts and Grants) will be used for activities that are necessary to individuals, families, state, local, tribal, and territorial governments; mission assignments to other Federal Departments and Agencies and the American Red Cross for activities such as transportation, communications, debris removal and engineering support, fire-fighting, mass care, logistics, medical care, hazardous material containment, agriculture and nutrition, restoring energy, and law enforcement. FEMA also uses systems to deploy and pay emergency responders, pay vendors supporting disasters, and track equipment deployed to disasters. FEMA does not pre-certify systems as being compliant, but collaborates extensively with other Federal Departments and Agencies such as HUD and SBA on the award of grant funds to ensure that there are no unmet needs and no duplication of benefits.

Further, in accordance with governing criteria such as the Robert T. Stafford Act, FEMA works diligently to the extent feasible and practicable, to transition the award of contractual support from non-local to local firms.

<b>Question#:</b>	3
<b>Topic:</b>	Pre-Certify Systems
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
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<b>Committee:</b>	HOMELAND SECURITY (SENATE)

Also, FEMA is making efforts to help subrecipients facilitate the establishment and use of pre-positioned contracts and to determine whether their procurement systems are compliant.

To this extent, FEMA may exercise the authority at 2 CFR Sec. 200.324(c) (Federal awarding agency or pass-through entity review) to determine whether a non-federal entity's procurement systems comply with the standards established within pt. 200.

FEMA's recently established Procurement Disaster Assistance Team (PDAT) frequently travels to localities throughout the country to provide training to local, state, and tribal government personnel, as well as, personnel from non-profit organizations and FEMA itself, to educate emergency managers and prospective applicants on the Federal procurement standards associated with federal disaster assistance funds at 2 CFR pt. 200. A routine aspect of this training is a discussion of the potential availability of pre-positioned contracts and pre-qualified lists to states and localities, to include a discussion of the requirements for and benefits of its use.

Planning that engages and includes the whole community serves as the focal point for building a collaborative and resilient community. FEMA has developed and maintains numerous resources to aid state, territorial, tribal and local government officials and emergency planners, including a series of Comprehensive Preparedness Guides (CPG). CPG 101 – *Developing and Maintaining Emergency Operation Plans*, in particular was created to assist in making the planning process routine across all phases of emergency management, including recovery. CPG 101 is the foundation for state, territorial, tribal, and local emergency planning in the United States. Planners in other disciplines, organizations, and the private sector, as well as other levels of government, may find this Guide useful in the development of their emergency operations plans.

Regarding longer term recovery planning, A primary vehicle for FEMA's pre-disaster engagement with states and localities is the National Disaster Recovery Framework (NDRF), which, in accordance with Presidential Policy Directive-8, is a framework for collaboration between Federal agencies and includes provisions for establishing multi-agency Federal disaster assistance teams. The NDRF defines how Federal agencies will more effectively organize and operate to utilize existing resources to promote effective recovery and support States, Tribes and other jurisdictions affected by a disaster. Written for a larger audience of non-Federal Government executives, private sector and nongovernmental organization leaders, emergency managers, community development professionals and disaster recovery practitioners, the NDRF aims to leverage and



<b>Question#:</b>	3
<b>Topic:</b>	Pre-Certify Systems
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<b>Committee:</b>	HOMELAND SECURITY (SENATE)

concentrate the effects of existing Federal resources, programs, projects and activities through an organization of Recovery Support Functions (RSFs) to promote effective recovery for affected communities.

The NDRF also provides the overarching interagency coordination structure for the recovery phase, and identifies more than 30 coordinating, primary, and supporting agencies and organizations that must work together to synchronize their activities and leverage their authorities and resources to help the whole community recover with increased resiliency following a major disaster. These relationships serve to “pre-certify compliant systems,” and establish contracts, Memoranda of Understanding, and other pre-disaster agreements and processes.

Additionally, the Recovery Support Function Leadership Group (RSFLG) is FEMA-led, multi-agency, senior-level entity that coordinates responsibilities and resolves operational, resource, and preparedness issues relating to interagency recovery activities at the national level. The RSFLG is responsible for the coordination of Federal interagency recovery guidance and policy implementation, and the oversight of appropriate planning efforts, including pre-disaster recovery planning – to included process and best practice socialization among agencies, states, and localities. Membership consists of senior officials who can speak authoritatively and represent each NDRF coordinating, primary, and supporting Federal agency; FEMA Headquarters and Regional offices (Regional Administrators and Federal Disaster Recovery Coordinators); and selected other Federal departments and agencies as designated by the RSFLG Chair.

<b>Question#:</b>	4
<b>Topic:</b>	Disaster Recovery Laws
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Thomas R. Carper
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** Are there any laws related to disaster recovery that would need to be changed in order to help communities use pre-qualified or advanced contracts to better prepare for the long-term impacts of disasters? What else can Congress and FEMA do to encourage states to have policies and processes in place, including pre-qualified contracts, for disaster recovery services in advance of an event?

**Response:** FEMA believes that current law is sufficiently flexible to allow states, tribal nations, and communities to plan and prepare for disasters, to include the appropriate use of pre-qualified contractor lists and certain advanced contracts, while ensuring that federal funds are expended efficiently and in a manner that prevents fraud, waste and abuse. For example, FEMA encourages communities to pre-qualify debris removal contractors before an event happens.

In terms of advanced contracts, some communities do have maintenance contracts in place that might address minor damages to infrastructure and roads. However, larger and more complex long term re-construction projects may not lend themselves to advanced contracts. Such projects generally involve too much uncertainty, including in the level of damage, type of damage, construction costs, and architectural and engineering design costs. Large projects generally are longer term and therefore allow for the time to go through a competitive procurement process based on the most up to date information related to scope of work and project cost.

FEMA continues to emphasize the importance of pre-disaster preparedness and planning, including recovery planning, at all levels of government. We understand that communities have limited resources and that in some communities planning for future events may lose out in the face of competing priorities that may be perceived as more immediate needs. With additional resources devoted to planning, these communities would be more resilient in future events.

<b>Question#:</b>	5
<b>Topic:</b>	Non--Disaster Grant Management System
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Tammy Baldwin
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** In his testimony, Mr. Currie mentioned that FEMA has been delayed in implementing the Non-Disaster Grant management system, which aims to improve grant data tracking and address concerns about potential duplication in grant programs.

Can you explain the causes of this delay? When can we expect the Non-Disaster Grant management system to be fully implemented?

**Response:** Improvements in Non-Disaster Grants to expand tracking of progress on individual projects will enhance FEMA's ability to manage our portfolio of preparedness grants. To that end, FEMA is committed to building out the capability of the Non-Disaster Grants Management System to meet these requirements. However, there have been challenges in completing this development.

The initial schedule projections for implementation of a project-based application capability for all preparedness grants in the Non-Disaster Grants Management System were based on budget, scope, and cost projections that contained significant uncertainty. Since the schedule projections were originally made, the program has realized risks in all three categories that have delayed the projected schedule. Specifically, available funding has been below the level anticipated, the complexity of delivering the scope was higher than anticipated, and the cost of acquiring that scope was higher than anticipated.

Current baseline projections estimate that a project-based application capability will be implemented in the Non-Disaster Grants Management System between March and September of 2018. The Grant Programs Directorate is partnering with the Agency's Grants Management Modernization initiative, the Office of the Chief Information Officer, the Office of the Chief Procurement Officer, and the Office of the Chief Financial Officer to identify opportunities to accelerate the delivery of a project based application capability within the context of the Agency's Grants Management, Information Technology, and Financial Systems Modernizations.

Although project-based applications are submitted in the Non-Disaster Grants Management System only for the Homeland Security Grant Program, project level applications are collected for the remaining suite of programs and are maintained in spreadsheet format that can be shared between FEMA grant program analysts. These program analysts collaborate between programs to mitigate potential duplication in grant applications.

<b>Question#:</b>	6
<b>Topic:</b>	Inspector General Report Recommendation
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
<b>Primary:</b>	The Honorable Tammy Baldwin
<b>Committee:</b>	HOMELAND SECURITY (SENATE)

**Question:** In the March 2016 DHS Inspector General report, OIG-16-49, Mr. Roth found that FEMA failed to analyze root causes of recurring IG audit recommendations. In particular, the IG determined that the Audit Liaison Office and the Audit Resolutions Branch are not conducting the systemic analysis necessary to find solutions to recurring problems. FEMA concurred with the IG's recommendation to develop and implement a comprehensive plan for ongoing analysis of recurring recommendations, with an estimated completion date of December 31, 2016.

Can you please give me an update on the actions FEMA is taking to address this recommendation? Does FEMA still expect the comprehensive plan to be developed and implemented by the end of the year?

**Response:** In January 2016, the Grant Programs Directorate (GPD) initiated a working group in collaboration with FEMA's Audit Liaison Office (ALO) to develop a framework for trend analysis of audits of the Homeland Security Grant Program (HSGP) and other programs. The working group developed a framework that establishes a unified structure and data dictionary for identifying trends in the recommendations from audit reports. As of April 2016, the working group has completed an initial proof of concept analysis and has applied the framework to all of the recommendations identified in the OIG-16-49 audit.

Currently, FEMA is reviewing the results of the analysis with a focus on the feasibility of data-driven strategic interventions. Once validated, the outputs resulting from the data analysis will become a baseline used to compare all future audit findings and recommendations and to develop systematic approaches to address common findings and recommendations.

**Goals Achieved to Date:**

- **Initial Framework Discussions:** In January 2016, GPD initiated a working group, in collaboration with FEMA's Audit Liaison Office, to discuss an audit recommendation trend analysis framework.
- **Development of Analytical Framework:** In March of 2016, the working group developed a trend analysis framework, establishing a unified structure and data dictionary for identifying audit recommendation trends.

<b>Question#:</b>	6
<b>Topic:</b>	Inspector General Report Recommendation
<b>Hearing:</b>	FEMA: Assessing Progress, Performance, and Preparedness
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<b>Committee:</b>	HOMELAND SECURITY (SENATE)

- **Data-Driven Management Reports:** As of May 1<sup>st</sup>, the preliminary trend analysis is now complete. Outputs from the data are in the review phase and will allow FEMA to execute strategic corrective actions aimed at reducing future findings and enhancing the efficiency of the grants management cycle. FEMA will formally use data to help drive priority investments towards training, technical assistance, and more-robust monitoring.

#### **Moving Forward:**

- **Management Reports/Data-Driven Results—June 30, 2016:** GPD will formally use data to help drive priority investments towards training (web-based and in-person), technical assistance, and more-robust monitoring
- **Standard Operating Procedures—September 30, 2016:** GPD will formalize the trend analysis methodology to include a mechanism for tracking audit trends moving forward, and for assigning individual roles and responsibilities.
- **Full implementation—December 2016:** The updated framework will be applied to the original 58 OIG audit reports, creating an account of historical trends. The analysis framework then will be applied to all future OIG audits and will drive future corrective actions.

**Post-Hearing Questions for the Record  
Submitted to the Honorable John Roth  
Inspector General  
U.S. Department of Homeland Security  
From Senator Tammy Baldwin**

**“FEMA: Assessing Progress, Performance, and Preparedness”  
April 12, 2016**

**United States Senate, Subcommittee on Federal Spending Oversight and Emergency  
Management, Committee on Homeland Security and Governmental Affairs**

1. On March 29<sup>th</sup>, I wrote you a letter to request that your office audit whether the Department of Homeland Security has established sufficient plans and coordination efforts to effectively respond to and recover from oil, chemical and hazardous material releases stemming from railway accidents. I appreciate your response that indicated you are currently considering my request as part of your planning process in the new fiscal year. However, I am concerned about the gravity of this emerging threat and I believe that time is of the essence in terms of assessing our preparedness capabilities.

Can you provide me with a sense of when I can expect a scope, plan and timeline for the audit?

Answer: Our FY 2017 audit plan takes into account statutorily required audits, congressional requests such as yours, and high-risk DHS areas in need of oversight. We are also required by the Inspector General Act to consider ongoing audit work by the Government Accountability Office (GAO) so as to avoid overlap and duplication. We recently became aware that GAO is conducting an audit of emergency response preparedness for rail hazardous materials spills. In light of this ongoing GAO audit, we believe that the best approach is to wait until GAO's audit is completed and then determine if their audit adequately addresses your concerns, or if the GAO audit raises additional questions that the DHS OIG can answer in a subsequent audit. We hope that you will be satisfied with this approach.

**Post-Hearing Questions for the Record  
Submitted to the Honorable John Roth  
Inspector General  
U.S. Department of Homeland Security  
From Senator Ron Johnson**

**“FEMA: Assessing Progress, Performance, and Preparedness”  
April 12, 2016**

**United States Senate, Subcommittee on Federal Spending Oversight and Emergency  
Management, Committee on Homeland Security and Governmental Affairs**

1. During your testimony, you stated that FEMA has showed a troubling lack of commitment to Homeland Security Grant Program oversight and has resolved only 4 of 333 OIG recommendations related to program oversight.
  - a. Does FEMA’s comprehensive action plan to conduct an ongoing analysis of recurring audit recommendations address the OIG’s concerns about FEMA’s lack of commitment? Please explain.

Answer: FEMA is still developing its comprehensive action plan, and the OIG has not yet received it. According to FEMA, the estimated completion date is December 31, 2016. However, FEMA’s submission of a comprehensive action plan that satisfies the intent of the OIG’s recommendation is only one element in demonstrating an increased commitment to grant oversight. For example, FEMA could improve its commitment to grant oversight with improved monitoring, better program analytics, stricter sanctions on grantees and subgrantees that do not comply with grant requirements, and an improved focus on actual recovery of unallowable or unsupported costs.

- b. What does the OIG hope to see in the action plan upon its completion?

Answer: The plan should include clearly delineated roles and responsibilities along with policies and procedures for determining trends and system-wide problems, as well as recommending solutions to improve oversight of the Homeland Security Grant Program (HSGP). For example, the plan should specify which office will take the lead in obtaining, compiling, and analyzing the data; who will determine the trends and solutions related to the systemic problems; and what expectations and time-frames the various working groups or offices will abide by. FEMA should clearly document the plan in written policies and procedures made available to all parties involved in the process.

- c. Does FEMA adequately utilize a risk-based approach to oversight of grantees and sub-grantees? If not, why not? What opportunities exist for FEMA to strengthen its own oversight of homeland security grantees and sub-grantees?

Answer: Although FEMA provided us evidence that it used a risk-based approach to select grantees for a more “robust” programmatic monitoring, we did not verify or audit this element of oversight. Our audit focused on whether FEMA analyzed recommendations to determine root causes and solutions to those systemic problems, and we did not audit whether it could improve its own oversight of grantees and subgrantees. However, during our audit, we learned additional information related to FEMA’s risk-based approach.

Specifically, in FY 2014, FEMA’s Grant Programs Directorate (GPD) fully implemented a risk-based process to identify and prioritize higher-risk grantees for more in-depth programmatic monitoring conducted according to revised protocols. As reflected in appendix A in the Inspector General’s written testimony, implementation of this process resolved two of our 333 recurring recommendations related to Program Oversight.

GPD cited two reasons for re-engineering its approach to programmatic monitoring: (1) It was identified as a business process gap through the initial Performance Measures Working Group, and (2) GPD was receiving strong criticism from OIG, GAO, and Congress that it did not have a strategic plan or process that explained how it chose who it monitored and why. According to FEMA, this enhanced monitoring framework “enables FEMA to focus limited resources on those awardees needing additional scrutiny, and justifies monitoring decisions by using quantifiable measures (criteria) to prioritize grantees for monitoring.”

However, at the time of our audit, FEMA had not measured what impact this new process has had on improving HSGP grantees’ monitoring of their subgrantees. The process is still relatively new, and FEMA has not obtained sufficient feedback and data to assess the intended results. Agency officials said that they will assess the process for impact as FEMA continues to gather relevant data.

2. In FEMA-related audits from FY2012 – FY2015, the OIG questioned costs totaling approximately \$1.27 billion and has recommended that approximately \$2.32 billion of funds be put to better use.<sup>1</sup>
  - a. How do the above numbers compare to fiscal years prior to FY 2012?

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<sup>1</sup> Data provided to HSGAC Majority staff. April 12, 2016.



Answer: In FEMA-related audits from FY 2008 – FY 2011, the OIG questioned costs totaling approximately \$1.3 billion and recommended about \$105 million in funds be put to better use. The following table summarizes the monetary findings in FEMA-related audits from 2008 to 2011. (These figures include both disaster-related audits and the preparedness grant audits that were the subject of the April 12, 2016 hearing.)

	2008	2009	2010	2011
Questioned Costs	\$140,705,337	\$156,718,202	\$103,277,052	\$962,639,225
Funds Put to Better Use	\$4,967,201	\$6,788,719	\$65,771,418	\$27,736,866
<b>Total Monetary Findings from FEMA-Related Audits</b>	<b>\$145,672,538</b>	<b>\$163,506,921</b>	<b>\$169,048,470</b>	<b>\$990,376,091</b>

- b. In FY 2014, the OIG questioned approximately \$148 million and recommended approximately \$854 million of funds be put to better use. In FY 2015, the OIG questioned approximately \$477 million in costs and recommended approximately \$1.21 billion in funds be put to better use.<sup>2</sup> Why are these numbers increasing, and does the OIG anticipate they will continue to increase in future fiscal years?

Answer: A number of individual FEMA-related audit reports that we issued in FY 2015 included large monetary findings that affected our results for that fiscal year. For instance, we issued a HSGP audit of New York that included \$67 million in questioned costs (OIG-15-107, “New York’s Management of Homeland Security Grant Program Awards for Fiscal Years 2010-12”). Within our FEMA disaster audits, we had one report with \$68 million in questioned costs and one with almost \$1 billion in funds put to better use (OIG-142-D, “The Puerto Rico Department of Housing Did Not Properly Administer \$90.79 Million of FEMA Grant Funds Awarded for the New Secure Housing Program”; OIG-15-19-D, “FEMA Insurance Reviews of Applicants Receiving Public Assistance Grant Funds for 2004 and 2005 Florida Hurricanes Were Not Adequate”).

Additionally, with respect to disaster-related audits conducted by our Office of Emergency Management Oversight, we implemented our proactive audit approach that shifted away from reporting on historical actions beginning in 2013. The historical audits do not benefit communities affected by disasters because they only report on what was done incorrectly. Those audits did not focus on correcting problems early in the disaster recovery process so that the money could be spent correctly. With the advent of the proactive audit approach, we started auditing communities early in the disaster assistance grant lifecycle. By conducting capacity and early warning audits, we started to identify weakness in the financial and procurement policies and procedures that

<sup>2</sup> *Id.*

communities used to spend disaster relief funds—sometimes before a community started to spend disaster assistance. This resulted in costs avoidance findings that prevented a community from misspending disaster assistance and resulted in higher monetary findings in FY 2015.

While we anticipate these finding to eventually decrease, FEMA's Public Assistance program is an inherently risky program because there are nearly 100,000 applicants receiving disaster assistance, and educating all of those applicants is a time consuming process.

c. Is there a strategy to assist FEMA in reducing these numbers? If not, why not?

Answer: Yes, with respect to disaster-related audits, we have an aggressive strategy that calls for working with FEMA, States and the communities affected by disasters to spend disaster assistance correctly, thereby reducing the questioned costs and funds put to better use identified in our audits. Specifically we:

- will continue conducting proactive audits that focus on preventing money from being misspent,
- annually solicit input from FEMA on its high risk grant recipients,
- provide FEMA management advisory audit reports that address the effectiveness of internal controls FEMA plans to use on non-traditional grants,
- work with the states and make presentations at the National Emergency Management Association conferences to identify problems early when they can be acted upon,
- annually issue an audit tips report that is designed to make applicants aware of common pitfall, and
- make recommendations to FEMA that focus on the root cause of problems.

Additionally, regarding our Homeland Security Grant Program Audits, we believe that when FEMA implements the recommendations from our report, "Analysis of Recurring Audit Recommendations Could Improve FEMA's Oversight of HSGP (OIG-16-49)," that FEMA will be able to develop proactive solutions to recurring and systemic problems, which will result in fewer questioned costs and funds put to better use.



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.  
Washington, DC 20548

May 26, 2016

The Honorable Ron Johnson  
Chairman  
Committee on Homeland Security and Governmental Affairs  
United States Senate

*FEMA: Assessing Progress, Performance, and Preparedness: Responses to Post-hearing Questions for the Record*

Dear Mr. Chairman:

On April 12, 2016, I testified before the United States Senate Committee on Homeland Security and Governmental Affairs' Subcommittee on Federal Spending Oversight and Emergency Management on the Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA) efforts to strengthen federal preparedness and preparedness grant management.<sup>1</sup> This letter responds to the two questions for the record that you posed. The responses are based on work associated with our previously issued products.<sup>2</sup> Your questions and my responses are enclosed.

If you have any questions about this letter or need additional information, please contact me at (404) 679-1875 or [curriec@gao.gov](mailto:curriec@gao.gov).

Sincerely yours,

Chris P. Currie  
Director of Emergency Management, National Preparedness,  
and Critical Infrastructure Protection

Enclosure

<sup>1</sup>GAO, *Federal Emergency Management Agency: Progress and Continuing Challenges in National Preparedness Efforts*, GAO-16-560T, (Washington, D.C., Apr. 12, 2016).

<sup>2</sup>See GAO, *Federal Emergency Management Agency: Strengthening Regional Coordination Could Enhance Preparedness Efforts*, GAO-16-38, (Washington, D.C., Feb. 4, 2016); *Disaster Relief: Agencies Need to Improve Policies and Procedures for Estimating Improper Payments*, GAO-15-209, (Washington, D.C., Feb. 27, 2015); *Federal Emergency Management Agency: Opportunities Exist to Strengthen Oversight of Administrative Costs for Major Disasters*, GAO-15-65, (Washington, D.C., Dec. 17, 2014); *Emergency Transportation Relief: Agencies Could Improve Collaboration Begun during Hurricane Sandy Response*, GAO-14-512, (Washington, D.C., May 28, 2014); *Homeland Security: DHS Needs Better Project Information and Coordination among Four Overlapping Grant Programs*, GAO-12-303, (Washington, D.C., Feb. 28, 2012); *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP, (Washington, D.C., Mar. 1, 2011).

**1. How does transparency of FEMA's disaster spending and grant programs compare to other federal programs? Has GAO identified opportunities to increase transparency in these FEMA programs?**

While our work has not specifically compared the transparency of FEMA's disaster spending and grant programs to other federal programs, we have reported on how several aspects of FEMA's disaster relief efforts compare to those of other federal agencies and we have identified opportunities to enhance the transparency of FEMA's administrative costs.

In 2015, we reported on approaches five agencies used to estimate and report improper payments related to Disaster Relief Appropriations Act, 2013 (DRAA) funding for 22 disaster relief programs.<sup>3</sup> We reviewed 10 key requirements established in Office of Management and Budget (OMB) guidance and found that FEMA had developed policies and procedures for estimating improper payments in its disaster relief programs to a greater extent than the Departments of Housing and Urban Development, and Transportation; the U.S. Army Corps of Engineers; and the Small Business Administration. As a result, we made recommendations to the other 4 agencies to revise their policies and procedures for estimating improper payments, but did not make recommendations to FEMA.

In 2014, we reported on how the Federal Transit Administration's (FTA) new Public Transportation Emergency Relief program compares to FEMA's and the Federal Highway Administration's (FHWA) emergency relief programs.<sup>4</sup> FTA implemented the new program in response to the DRAA, which provided approximately \$50.5 billion in federal aid for expenses related to Hurricane Sandy. We found that FTA's new Public Transportation Emergency Relief Program has more flexibility and fewer restrictions in funding projects compared to FEMA's Public Assistance and Hazard Mitigation programs and the FHWA Emergency Relief Program. For example, FEMA's Hazard Mitigation program places limits on the amount of emergency relief funds that can be used for resiliency projects, while FTA's program does not. FTA's program also has more flexibility in how funds can be used for repairs, allowing transit agencies to improve facilities beyond pre-disaster conditions. We also found that, because FTA and FEMA have the authority to fund many of the same activities by law, transit agencies may experience confusion when seeking assistance under some circumstances. FTA and FEMA have not determined how collaborative efforts, including their communications program and protocol contemplated in the memorandum of agreement, will be monitored, evaluated, and reported, but instead rely on informal communication. We recommended that FTA and FEMA establish specific guidelines to monitor, evaluate, and report the results of collaborative efforts—including their communications program and protocol—for Hurricane Sandy as well as future disasters. FEMA has not yet taken actions in response to this recommendation.

In 2014, we also reported on FEMA's obligations of disaster relief funds for administrative costs for major disasters and concluded that, although FEMA has taken steps to better control and reduce its administrative costs, administrative costs have not decreased.<sup>5</sup> We

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<sup>3</sup>GAO-15-209.

<sup>4</sup>GAO-14-512.

<sup>5</sup>GAO-15-65.

concluded that FEMA would be better positioned to identify long-term trends in its administrative costs by assessing the costs and benefits of tracking and analyzing these costs by individual programs for major disasters. We also concluded that having an integrated plan would allow FEMA to better manage these costs. We recommended, among other things, that FEMA take steps to better plan how to reduce these costs and assess alternative approaches for tracking cost data. FEMA has since taken steps intended to better control and reduce administrative costs, for example, by setting a goal in its recent 2014-2018 Strategic Plan to lower these costs, and establishing administrative cost targets in its integrated plan. FEMA officials also assessed the costs and benefits associated with three different and increasingly comprehensive approaches and selected the approach they intend to implement by the end of 2016.

**2. What steps can FEMA take to improve the efficiency and effectiveness of its grant programs?**

Our work over the last 5 years has identified a number of steps FEMA can take to improve the efficiency and effectiveness of its grant programs. In 2016, we reported that FEMA has not fully addressed preparedness grant management coordination challenges between headquarters and its regions.<sup>6</sup> For several preparedness grant programs, FEMA headquarters and regions share management and monitoring responsibilities. Assessments by FEMA and others since 2009 have recommended that FEMA regions consolidate these responsibilities at the regional level to avoid confusion and duplication and strengthen coordination with state and local grantees. In 2012 FEMA decided to continue sharing grant management between headquarters and regions, and we found that challenges continue to exist. For example, state and FEMA regional officials told us that FEMA headquarters and regions did not always coordinate monitoring visits and provided inconsistent guidance to grantees. While FEMA officials identified some steps to address the challenges, FEMA lacks a plan with time frames and goals for addressing them. We recommended that FEMA develop a plan with time frames, goals, metrics and milestones detailing how FEMA's Grant Programs Directorate intends to resolve longstanding challenges associated with its existing hybrid grants management model, which divides responsibilities between regional and headquarters staff. FEMA has not yet taken action in response to this recommendation.

In 2012, we reported that multiple factors contribute to the risk of duplication among four FEMA grant programs that we studied—the State Homeland Security Program (SHSP), Urban Areas Security Initiative (UASI), Port Security Grant Program, and Transit Security Grant Program.<sup>7</sup> Specifically, these programs share similar goals, fund similar projects, and provide funds in the same geographic regions. Further, DHS's ability to track grant funding, specific funding recipients, and funding purposes varies among the programs, giving FEMA less visibility over some grant programs. Finally, DHS's award process for some programs bases decisions on high-level, rather than specific, project information, and as a result, DHS grant managers do not have the level of detailed project information needed to identify potential duplication among grantees and projects. We recommended, among other things, that FEMA take steps, when developing its new non disaster grant management system (ND Grants), to collect project information with the level of detail needed to better position the

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<sup>6</sup>GAO-16-38.

<sup>7</sup>GAO-12-303.

agency to identify any potential unnecessary duplication within and across the four grant programs. FEMA has taken steps to respond to our recommendation, but its actions are not complete. Specifically, FEMA reported in March 2016 that its existing grants data system had been modified to capture more robust project-level data—such as project budget data—from certain grantees during the application phase of the grant process. For example, FEMA stated that project-based applications and reporting were required for the Homeland Security Grant Program, which includes the SHSP and UASI, starting with the fiscal year 2014 grant cycle. According to FEMA, collecting this project-level data should allow FEMA to have greater detail on how grantees plan to utilize funding at a project level and enable the agency to use this information to evaluate grant applications and minimize duplication. Even with this interim step, however, FEMA stated that it will not be able to cross-check for redundant projects across all preparedness grant programs until project-based applications are deployed for all preparedness grant programs in the ND Grants system. FEMA said it plans to collect project-level data for the SHSP, UASI, Port Security Grant Program, and Transit Security Grant Program when the existing grants data system is merged with the new ND Grants system in fiscal year 2017.

In 2011, we identified the need for FEMA to improve its oversight of grants and establish a framework for assessing capabilities to identify gaps and prioritize investments.<sup>8</sup> Specifically, we suggested FEMA examine its grant programs and coordinate its application process to eliminate or reduce redundancy among grant recipients and program purposes. However, while FEMA has sought to consolidate several of its smaller grant programs and taken some action to improve its oversight of grant programs—such as issuing guidance to help expedite the expenditure of grant funding and collecting more robust grant data—it has not coordinated application reviews of grant projects across all of its four largest preparedness grant programs, which have similar goals, fund similar types of projects, and are awarded in many of the same urban areas. We also recommended that FEMA complete a national preparedness assessment of capability gaps based on tiered, capability-specific performance objectives to enable prioritization of grant funding; and that FEMA identify the potential costs for establishing and maintaining those capabilities and determine what capabilities federal agencies should provide. FEMA has not yet completed a national preparedness assessment, but officials reported in March 2016 that the agency continues to have efforts under way to assess urban area, state, territory, and tribal preparedness capabilities to inform the prioritization of grant funding. Specifically, FEMA requires state, territory, tribal, and urban area governments receiving homeland security funding to annually complete Threat and Hazard Identification and Risk Assessments (THIRA), which identify community-specific threats and hazards and assess risks and associated impacts. In completing the THIRAs, jurisdictions are to develop capability targets for each of the core capabilities outlined in the National Preparedness Goal (these include mass care services, mass search and rescue operations, and public health and medical services, among others) and estimate the resources required to achieve the targets. All 56 states and territories are also required to complete a State Preparedness Report (SPR), a self-assessment of their capability levels against the capability targets they identified in their respective THIRAs. According to FEMA officials, the completion of the annual THIRA and SPR positions states and territories to allocate funding to fill gaps associated with their jurisdiction-specific capability targets. While FEMA has taken steps to help urban area, state, territory, and tribal jurisdictions assess their preparedness capabilities, the agency has not yet developed a national assessment of preparedness, which could assist in prioritizing grant funding.

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<sup>8</sup>GAO-11-318SP.

Developing such an assessment would help FEMA to identify what capability gaps currently exist at the federal level and what level of resources are needed to close such gaps.

