

**DEPARTMENT OF HOMELAND SECURITY
APPROPRIATIONS FOR FISCAL YEAR 2016**

WEDNESDAY, APRIL 22, 2015

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 4:25 p.m., in room SD-138, Dirksen Senate Office Building, Hon. John Hoeven (chairman) presiding.
Present: Senators Hoeven, Shaheen, and Baldwin.

DEPARTMENT OF HOMELAND SECURITY
FEDERAL EMERGENCY MANAGEMENT AGENCY

STATEMENT OF HON. W. CRAIG FUGATE, ADMINISTRATOR

OPENING STATEMENT OF SENATOR JOHN HOEVEN

Senator HOEVEN. I call this hearing to order for the Department of Homeland Security (DHS) Appropriations Subcommittee.

I would like to welcome Administrator Fugate, the Administrator of the Federal Emergency Management Agency (FEMA). I appreciate very much you being here.

Also, Senator Shaheen, I appreciate you being here as well.

We are here to discuss the fiscal year 2016 budget for your agency. Before I get into the substance of the budget, I would like to take a moment to thank you for sending Roy Wright to Fargo several weeks ago. It was very helpful. And actually, his visit there pertains to one of the subjects I will bring up later today, which is talking about how we coordinate flood mapping and flood insurance with community efforts to build permanent flood protection.

He did a very fine job. He was very helpful. And I think that is something that could be helpful around the country.

For today's hearing, my focus will be on three areas: effective stewardship of the Disaster Relief Fund, FEMA's effort to buy down risk before a disaster occurs, and measuring preparedness levels of the Nation after years of investment.

The Disaster Relief Fund, or DRF, is FEMA's biggest tool in aiding disaster victims, rebuilding our communities, and ensuring resiliency in future disasters. Congress took a major step several years ago to stabilize the DRF by establishing a formula for its funding. As a result, FEMA must now focus on ensuring the funds are managed and distributed in an effective and efficient manner to respond to, recover from, and mitigate against disasters.

Congress took steps in 2013 to help reduce the overall cost of disasters in the Sandy Recovery Improvement Act. Section 428 of that act provided for alternative procedures in certain projects to allow grantees to receive full project funding upfront on agreed-to estimates.

That option should reduce administrative costs, start recovery projects faster, and likely reduce some of the challenges currently being experienced with deobligation of funds after projects are closed.

Unfortunately, there seems to be some reluctance on the part of grantees to embrace that program. So I want to better understand what that reluctance is, because I think this is an innovative idea to help projects move forward more expeditiously.

I mentioned deobligations, because I know that this is a real concern to the States. Where project expenditures are questioned in an audit, FEMA appropriately has the ability and authority to deobligate funds. However, that authority has been exercised, in some cases, years after project approvals and often well after project completion in response to audits by the inspector general.

So we need to find a balance between any waste, fraud, or abuse findings and decisions made under the pressure of responding to a disaster.

So again, I applaud you for FEMA's efforts to work with grantees through the new procurement disaster assistance teams. I hope these teams will help grantees avoid some of the common mistakes while managing the response to the disaster. But clearly, there is a real concern on the part of States about the possibility of deobligating funds. I understand that, having served as a Governor for 10 years. I know that Senator Shaheen understands that very well, too, based on her tenure as Governor.

So we do have to find ways to mitigate that concern and better address the challenge that it poses between States being able to go ahead and undertake these projects in a timely way with confidence that they are following the rules, but at the same time making sure we do not have waste, fraud, and abuse. We have to do both, and it is a challenge.

Also, you and I have discussed and agreed, Administrator, that FEMA's hazard and Predisaster Mitigation Program, as well as RiskMap, are critical to buying down damage that would otherwise be seen in future disasters, especially flooding. The key is that disaster mitigation focuses on the actual hazard, and that the funding is effective in preventing or mitigating that type of disaster, whether it be flood, fire, or other natural disaster.

The example that I have used in our discussions, and that I have worked on, I think, with you and, certainly, members of your agency is where we have flooding and roads get washed out, and FEMA provides funding to help replace those roads. You can replace the road exactly like it was, in a sense. But if that is at a level where it continues to wash out and be flooded, that does not make much sense, because we just repeat the problem. We keep stepping in the same hole.

So the ability to replace the road in a way where you mitigate these problems is cost-effective for everybody concerned. You pay

for it once instead of three, four, five times, and the localities are better served because they have a usable road.

So I think this is an important area that we will explore in this hearing. And I know you have some thoughts on it.

With respect to preparedness effort, the administration has again submitted its proposal to consolidate grants into the National Preparedness Grant Program, and NPGP. While the authorizing committees should consider this proposal, I believe that FEMA could be doing more to assess the return on the investment that the Government has made in our Nation's preparedness. What is the level of preparedness across the Nation? How are training and exercise efforts integrated with these grants? How can we better measure the effectiveness of grant programs in raising the preparedness level?

So we want to talk about where we are in terms of preparedness as a Nation, what your opinion is in that respect, and what we are doing to continue to improve it.

The fiscal year 2016 request also includes funds to start an IT modernization for your grant systems. So the question here is, will that modernization effort improve the ability of States to report preparedness levels?

I think we talked about some cost savings. Always a good thing. But we also want to talk about the effectiveness of the program.

So I look forward to hearing from you on these and other priorities that you have for this year.

With that, I will turn to ranking member Senator Shaheen for any opening comments she may have.

STATEMENT OF SENATOR JEANNE SHAHEEN

Senator SHAHEEN. Thank you, Mr. Chairman.

Welcome, Administrator Fugate. And your staff members who are here, we appreciate you coming this afternoon.

As Chairman Hoeven says, as a former Governor, I also recognize how critical FEMA's activities are when States have emergencies. And, even more personally, having been in a tornado at one point in my past, I very personally benefited from the efforts that FEMA has made to help people who are victims of disasters.

So I appreciate that your work is critical and understand that currently all 50 States, including New Hampshire, and some tribal areas have an active disaster with FEMA, and understand that the costs to rebuild are growing.

In the 1990s, FEMA was appropriated an average of \$3 billion a year for disaster costs. And yet, one decade later, average costs have tripled to over \$9.5 billion a year.

Disaster types are also more varied and complex. In the last 5 years, along with the anticipated floods, tornadoes, wildfires, and hurricanes, the Nation has had an earthquake on the east coast, Superstorm Sandy in the Northeast, landslides in the West, a bombing at the Boston Marathon, active shooters in public places, and unprecedented snow in the Northeast. And further impacts from a cyberattack are constantly materializing. So it has been a very busy time at FEMA.

Now, because these events have become more common and more intense, this makes our mitigation efforts increasingly critical. We

can't continue just to make investments in rebuilding after an event occurs. We must pay equal attention to preventing damage from occurring in the first place. These efforts are not only critically important to vulnerable communities but also to the Federal budget.

I was pleased to see the administration's request for a significant increase in mitigation efforts to better prepare for and reduce the impacts of flooding and other types of natural disasters.

For every \$1 we invest in these activities, we save up to \$4 in rebuilding costs. That is, in fact, a smart investment.

Each State, territory, major urban area, and several tribes have ongoing preparedness projects with the Agency as well. These activities have an immediate and real impact on citizens, on businesses, and on our first responders.

Administrator Fugate, I look forward to working with you to ensure FEMA's support role is delivered in a user-friendly way, both from your headquarters and your regional offices.

So again, thank you for being here today, and I look forward to your testimony.

Thank you, Mr. Chairman.

Senator HOEVEN. Thank you, Senator Shaheen.

I also would offer the opportunity to Senator Baldwin, for any opening statement you may have.

STATEMENT OF SENATOR TAMMY BALDWIN

Senator BALDWIN. Thank you, Mr. Chairman and Ranking Member. I don't want to give an extensive opening statement, but I will, like you, Mr. Chairman, preview the focus of my questions following your testimony. It'll be the issue of rail safety and the prospect for a derailment or explosion, as we see a lot of train traffic through our State and particularly from the chairman's region of the world.

So just with that, thank you for being here, and I look forward to asking you questions following your testimony.

Senator HOEVEN. With that, Administrator Fugate, we turn to you for your opening statement.

SUMMARY STATEMENT OF HON. W. CRAIG FUGATE

Mr. FUGATE. Senators, Mr. Chairman, thank you.

The first thing I wanted to talk about is I want to thank you and your staff for something that is not always seen as something that is glamorous, but it is a key part of the constitutional separation of powers. And that is the budgeting process. The fact that the administration comes forward with recommendations, but ultimately, Congress must determine where we apply our taxpayer dollars, is a deliberative process that we participate in.

It is not easy. Our staff spent a lot of time on it. We are not going to agree on everything. But it is the difference between having continuing resolutions and uncertainty and knowing what the intent of Congress was with a budget that makes a difference in our ability to execute a mission.

It isn't always going to be the highest priority that some people think we should be working. But I understand the hard work you put in, the staff puts in, to get to those numbers, to get to the

budgets, to ensure that we have the resources to do our jobs that you have determined against all the priorities of Government.

So first of all, I understand our role here is to present our budget. But I also understand it is your role to make those decisions, to figure out how we are going to fund all of government, and we are part of that discussion. So we just appreciate that.

The second thing I want to talk about is, and I want to save more time for your questions because I think there are a lot of things we want to talk about, but when I got to FEMA, it was a real challenge for me to be able to talk to you and tell you about what we were doing. I could more easily tell you how much money we had spent, but I couldn't tell you what was actually accomplished.

Even within the programs, I found that we were oftentimes doing things because we had been doing them without really understanding. Well, is there another way to look at this? And I told the staff when I got here, and I had come from the State of Florida, I said enjoy your budget; this is the last one that is going to go up.

We knew what was happening across the country. We knew the economy was in trouble. In the years of budgets just incrementally going up each year, you were able to basically achieve your mission because you were going to get a little bit more each year when it was over.

And it didn't mean that you didn't have needs, but you did have to look at your budget differently, because if you were going to find or free up money for the things you thought we needed to do, the money was going to come from things that you had been doing that either you were going to do differently or you were going to find different ways to accomplish that.

To a certain degree, we were doing that well before sequestration came in. And even with that, we had focused on the mission and not used that as an excuse but rather looked at how we get more efficiencies and savings.

But we also needed to coalesce a lot of different moving pieces at FEMA into something that we could articulate and tell people "this is what we have to be focused on."

The first thing, you have to build for the catastrophic disaster. If you don't, the risk is we will have the next Katrina because systems do not scale up. If you are not building for the big event and you don't understand that is why you are putting teams together, building your programs, if you only build to what you are capable of doing, that larger disaster response will be a failure.

That doesn't mean you have to ask for my money, but you have to design your systems around catastrophic disaster response.

The second thing is, you have to build your programs around the people you serve. As Senator Hoeven points out, when that is not the case, we see the mismatch between trying to serve our communities in how they need the programs to work for them versus what may be easy for us to administer. So oftentimes, we found that we had defaulted to those that are easy to administer and we weren't really focused as much on the people we are serving. That mismatch oftentimes has played out in survivors' communities not getting the full support they should have gotten in a disaster.

You have to go to where disasters are. I tell people, just because it works at 500 C Street, doesn't mean it is going to work out on a train derailment in the middle of nowhere with poor communications. You have to build the systems that go to where the survivors in the disaster are, not what works in Washington, DC.

You have to buy down your future risk. We have to do a better job of understanding that we can no longer subsidize risk and come back to the first \$1 every time there is a disaster, if local governments and States are not doing their part to reduce future risk. We just can't keep dealing with every disaster and building it back, as Senator Hoeven says, to the way it was, only to rebuild it time and time again. We have to do that differently. So we have to look at risk reduction.

Then the last thing, we oftentimes, at FEMA, as your committee staff will tell you, have not been good stewards of the basic functions of our programs, whether it is IT, personnel, or a lot of things that may not be things people want to talk about in a disaster. But if you don't have the foundational systems of your management working right, you are not going to build that catastrophic disaster response team. It goes from how you hire people, to how you build your systems, to how you set up your architecture for IT.

PREPARED STATEMENT

So we look at these five areas and draw all of our programs through that lens of, are we as a Nation building the capability to respond to catastrophic disasters, not just what FEMA does, but through all those grant dollars that have funded local and State capabilities? Are we building the capability to respond as a Nation to catastrophic disasters?

So with that, Mr. Chairman, I am available to respond to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. W. CRAIG FUGATE

INTRODUCTION

Good Afternoon Chairman Hoeven, Senator Shaheen and Members of the Subcommittee. My name is Craig Fugate, and I am the Administrator at the U.S. Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA). It is an honor to appear before you today to discuss FEMA's fiscal year (FY) 2016 budget request in terms of our strategic goals and objectives, past progress and the future opportunities included in this year's submission.

When I arrived at FEMA nearly 6 years ago, my focus was on creating a culture that was less reactive and more forward leaning, with a focus on becoming a faster, smarter, adaptable and more nimble Agency in our approach to disaster response and disaster assistance.

Today, with the help of Congress and the additional authorities provided to FEMA to carry out its mission, and along with the dedication of our workforce, our Agency is positively and substantially different than when I first arrived 6 years ago. We are transforming into an Agency that is more survivor-centric in mission and program delivery, more expeditionary in nature, and better postured to effectively assist and support our State, local, tribal, and territorial partners. We are also making efforts to buy down risk, which will help to lower the costs of future disasters.

The fiscal year 2016 budget request reflects FEMA's priority to continue to manage resources more effectively with an emphasis on fulfilling the Agency's strategic priorities. Under my direction our focus is to continue maintaining and strengthening the Agency's ability to respond to disasters while reducing costs by effectively utilizing available resources and improving the efficiency of our operations. The budget reflects lessons learned from recent disasters and overall trends in disaster

losses that led to FEMA's enhanced focus on maturing plans and processes to better serve survivors and communities and the need to serve as a catalyst in enabling national disaster risk reduction. Moreover, the budget seeks to strengthen FEMA's organizational foundation through effective management structures that are not separate from our mission, but critical to supporting it—whether through building a well-trained and capable workforce to execute our mission (with a focus on hiring, managing performance, and career development) or a secure information technology infrastructure that will allow us to respond uninterrupted to catastrophic disasters.

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

- Be survivor-centric in mission and program delivery;
- Become an expeditionary organization;
- Posture and build capability for catastrophic disasters;
- Enable disaster risk reduction nationally; and
- Strengthen FEMA's organizational foundation.

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

DISASTER RELIEF FUND

The Disaster Relief Fund (DRF) provides individual and public assistance to help families and communities affected by declared disasters to rebuild and recover, as well as mitigation funds to reduce the impact of future disasters. Congress' continued support of the DRF has provided critical and timely financial resources that enable the Agency to be survivor-centric in the delivery of our mission and programs.

The fiscal year 2016 DRF budget request is consistent with the Budget Control Act of 2011 (Public Law No. 112–25) and totals \$7.4 billion, in addition to carry-over and recoveries. The DRF request for fiscal year 2016 includes estimated costs for prior catastrophic events (including Hurricane Sandy), a ten-year average level for non-catastrophic disasters, and funds for DRF Base activities (i.e., Emergencies, Pre-disaster Surge Support, Fire Management Assistance Grants, and Disaster Readiness and Support).

The request also includes again a \$1 billion set-aside for no-notice events, which should support initial critical funding needs of a new catastrophic event while the Congress evaluates any additional funding requests. FEMA will continue to maximize the use of DRF resources by working closely with states, localities, territories and tribes and through the use of its authorities and policies, including Strategic Funds Management, which is FEMA's process for obligating Public Assistance project funding based on a subgrantee's schedule to execute the eligible work. The DRF request also includes a \$250 million rescission to Base balances in anticipation of unspent carry-over balances and expected additional recoveries.

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

CONTINUING TO IMPLEMENT MAJOR LEGISLATIVE CHANGES

Sandy Recovery Improvement Act of 2013

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

To date, SRIA is one of the most significant pieces of legislation impacting disaster response and recovery since the Post-Katrina Emergency Management Reform Act (PKEMRA) and builds upon the Robert T. Stafford Disaster Relief and Emergency Assistance Act. For example, SRIA's Public Assistance Alternative Procedures

provision provides substantially greater flexibility in the use of Federal funds for Public Assistance applicants. This should result in fewer administrative burdens and costs for all parties when participating applicants choose to accept grants based on fixed, capped estimates, which may be provided by the applicant's licensed engineer and validated by an independent expert panel. A number of grantees, including the State of New York, used alternative procedures in the aftermath of Hurricane Sandy to help rebuild and restore critical infrastructure.

Homeowner's Flood Insurance Affordability Act 2014

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

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

HFIAA also repeals certain rate increases that have already gone into effect and provides for refunds to those policyholders. I am pleased to report to the subcommittee that 100 percent of these refunds have now been issued. The Act also authorizes additional resources for the National Academy of Sciences (NAS) to complete the affordability study as mandated by BW-12. We expect NAS to deliver the study later this year.

Section 24 of HFIAA provides for the designation of a Flood Insurance Advocate to advocate for the fair treatment of policyholders under the National Flood Insurance Program (NFIP) and property owners in the mapping of flood hazards, the identification of risks from flood, and the implementation of the measures to minimize the risk of flood. FEMA's fiscal year 2016 budget proposal includes a request for eight positions and \$1,590,000 to establish the permanent Flood Insurance Advocate Office. The development of the Flood Insurance Advocate Office supports FEMA's strategic priority of enabling risk reduction through enhancing stakeholder interaction to provide greater access to information on risk, insurance, and mitigation. With these thoughts in mind, I want to thank the Congress for its support of the Advocate's Office in the fiscal year 15 Department of Homeland Security Appropriations Act (Public Law No. 114-4). The establishment of this function will provide disaster survivors with a congressionally mandated representative who will help ensure fair treatment of policyholders under the NFIP.

2014-2018 FEMA STRATEGIC PLAN-DRIVING BUDGETARY DECISION MAKING

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

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

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

improve the effectiveness and efficiency of interagency coordination efforts after large disasters.

The budget submission also includes a request for an increase in \$4.3 million for the Integrated Public Alert and Warning System (IPAWS). If appropriated, the program would apply \$1.5 million of this funding towards improving Primary Entry Point (PEP) station reliability. The PEP stations are the primary mechanism for disseminating a Presidential message and serves as a highly resilient communications resource for State, tribal and local governments. \$2.8 million of this funding would go towards improving the reliability of the IPAWS system by seeking alternative commercial cloud hosting solutions to safeguard system availability. Improving IPAWS availability and reliability will ensure integrated services and capabilities are available to Federal, State, territorial, tribal, and local authorities that enable them to alert and warn their respective communities via multiple communications methods. This investment would directly support our efforts to be survivor-centric in mission and program delivery.

Strategic Priority Two: Become an Expeditionary Organization

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

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

Strategic Priority Three: Posture and Build Capability for Catastrophic Disasters

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

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

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

The primary purpose of the fiscal year 2016 NPGP is to build and sustain core capabilities associated with the five mission areas described in the National Preparedness Goal: prevention, protection, mitigation, response, and recovery. Particular emphasis will be placed on capabilities that address high consequence events that pose the greatest risk to the security and resilience of the United States, in-

cluding those along its borders, and could be utilized to address multiple threats and hazards.

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

Strategic Priority Four: Enable Disaster Risk Reduction Nationally

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

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

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

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

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

Strategic Priority Five: Strengthen FEMA's Organizational Foundation

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

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

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

CONCLUSION

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

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

HURRICANE SANDY: INSURANCE CLAIMS

Senator HOEVEN. Again, thank you, Administrator, for being here today. We will begin the questions. We will start with rounds of 5 minutes.

I want to go right to the concern that has come up in regard to Hurricane Sandy and claims for homeowners who have not received the proper resolution on their claims, that they have had issues with the insurance company and it appears particularly with engineering companies that have worked on adjusting their claims. And as it turns out, these claims were not adjusted properly, and it appears that homeowners were shortchanged on recovery that they were entitled to.

My understanding is, out of the 144,000 claims that were made, that there is on the order of 2,200 cases where the engineering report may have been fraudulent or improper, where the insurance company didn't provide the proper reimbursement to the homeowner.

This is obviously a very serious concern, and we need to make sure we understand exactly what happened and hold those responsible accountable and correct it.

I also am aware that Mr. Roth, the DHS inspector general, is conducting a full investigation, and we look forward to his report.

But I would like you to respond as to the actions you are taking. What is the current status of this matter?

Mr. FUGATE. Well, the actual cases you mentioned, I believe those are the cases that are actually being litigated. We are concerned that there may be people who did not choose to litigate who also had questionable engineering reports.

So, very simply, we are approaching this from, if they are owed more money, we pay. If it is fraud, we refer that to the inspector general at the Department of Justice. If we are finding litigation costs are going to exceed what the claims were, we are willing to settle.

So those are the cases that are in litigation that we are working toward settlement. There are additional hearings taking place as we move toward that. But we are prepared to reopen the other cases where there may have been engineering firms or concerns or allegations that involved these firms, as to how accurate the findings were in determining what the damages were.

So we are in the process to begin this next month: opening up the claims process to the people that had policies served.

If they got the full amount, the \$250,000, they have gotten what insurance would pay. But for those who did not receive that who still have concerns, we are going to open a process to begin looking at those with the same scrutiny that we have been looking at those that have been in litigation.

But this goes back to being survivor-centric. I think we found that through our Write Your Own and through our own program, that we put more emphasis on ensuring the solvency of the National Flood Insurance Program (NFIP) funds without making sure we were putting as much emphasis on servicing those claims.

There shouldn't have been any reason why, if it was eligible damage under the policy, it wasn't paid. There is no incentive for anybody not to. So we are still looking at what was the systemic root cause. We think it comes back to, there was more emphasis on not making overpayments, because the insurance company would have to get that money back and reimburse FEMA. That seemed to drive more of this than making sure there was equal weight given to paying fully what the policy should have paid.

So as we get through that, we will provide more updates. We are currently focused right now on resolving the current litigation, going back to the people who filed claims, and then going back to the systemic issues as both the inspector general is looking at it as well as attorneys general in both the States of New Jersey and in New York, to look at fundamental issues as well as any impropriety that was taking place.

We will address the impropriety on the front end, but we are also looking at the structural issues that got us there. We want to build this program back so there is equal weight given to ensuring full payment on claims without the overbearing penalty of having to pay money back driving decisionmaking.

Senator HOEVEN. So my understanding is there are 144,000 cases or claims that included engineering services. So you are saying that for those 144,000 cases, you have set up a process whereby policy holders can, in essence, apply to address any shortfall that they may have suffered and get the reimbursement that they are entitled to?

Mr. FUGATE. Yes, sir. We brought in people from across FEMA and detailed them into the flood insurance program to set this up. We will be announcing it coming live this next month. We are going to triage and start with those who were involved in certain firms that we saw concerns with. Then, as we get those, we are opening it up to anybody else.

Again, if there were any concerns or questions about their claims process, we are not going to predetermine that until they call us and we start working at it and see what we find.

Senator HOEVEN. When will you start that process?

Mr. FUGATE. Our goal is to start next month.

Senator HOEVEN. Okay. And you have already taken steps to address the Administrator who was overseeing the program, I understand, correct? And are there going to be further changes in personnel or are you awaiting the inspector general's report at this point?

Mr. FUGATE. Right now, we had some staff changes. I brought in an experienced Senior Executive Service member to take over and lead the program. We have detailed people into the program to provide the initial surge help.

We will be evaluating, with the assistance of the inspector general and others, what additional steps may be needed if we find things that suggest there was any impropriety among our staff.

Senator HOEVEN. Okay. Thank you.

Senator SHAHEEN. Administrator Fugate, Senator Hoeven has asked a number of my questions around this issue. But one of the things that I found almost as troubling as the allegations of fraud by a number of the insurance companies, were conversations that I had with my colleagues raising concerns that they had heard from their constituents in New York and New Jersey about what was happening to them. They had raised it with the program and they had not gotten any attention to that until after the segment on 60 Minutes really highlighted what had happened there.

So I wonder if you could speak to that and to the effort to make sure that when complaints are brought before the Agency, that they are taken seriously, that there is some mechanism whereby those are examined and responded to in a substantive way?

Mr. FUGATE. Yes, Senator. The personnel moves were being made prior to 60 Minutes. I had to free up certain staff to make them available to be transferred in. That took some time.

But originally, this came to my attention as something that was out there, but it was like we saw one or two cases. I referred to staff and I said, "look, guys, what is going on? We need to address this and focus on, again, if we owe more money, why aren't we paying them?"

We found ourselves in a situation, because using Write Your Own to service policies, we were working through a Write Your Own. We weren't able to directly engage.

As the process kept continuing, I became more and more frustrated as anybody on why we cannot get to resolving these cases. If we owe money, we pay. If there are allegations of fraud, then there is a mechanism to handle that. If we are having a dispute, but litigation costs are going to be greater than what the settlement would be, why aren't we moving to settle? And I wasn't getting the response I wanted.

So prior to 60 Minutes, we were already making changes. But we had to free people up to make the moves. We had to reassign people. We had to start the process of changing out the leadership. The start of that probably was really right after the Thanksgiving holidays. We had made the decision that we were going to make the changes, but we had to move the personnel and start that process of getting them slotted, getting them in place, getting them up to speed, so we could start dealing with this.

DISASTER: RELIEF PLANNING

Senator SHAHEEN. Well, I appreciate that. I am glad to hear that you were already taking action.

One of the things that was pointed out on the 60 Minutes segment was that there was a class-action attorney who actually brought a number of these cases to the agency, and at least it was presented as taking that level of attention before it rose to the point of somebody taking action on that. So I am glad to hear that you were addressing it.

And it seems to me that this is the kind of thing that we all ought to be on the lookout for every day, as we are trying to make Government work as effectively and efficiently as possible. So I look forward to hearing more about the reforms that you put in place, so that this kind of abuse doesn't happen again in the future.

I want to go back now to one of the challenges that you pointed out in your opening statement about putting together a budget for FEMA that works, given all of the unknowns that you are dealing with.

As you point out, you have disasters that you can't anticipate in advance the number, the severity, the type, so you have to plan for that. So I wonder if you could spend a few minutes just talking a little bit about you do that planning process, what's involved, and how you allocate resources in thinking about what might be coming up.

Mr. FUGATE. Well, there are two parts to this. The first is, we do deliberate planning with communities on the basis of various scenarios. Quite honestly, you are not going to have catastrophic disasters unless you have large vulnerable populations and a large risk. So it tends to geographically define where that is. It doesn't mean we don't prepare across the country, but it does tell us where we have to do that.

So we do that. It identifies what the capabilities are. This helps us go back and drive some of the initiatives in our threat hazard reduction in areas that we need to focus on building capability.

But another piece is budget. In the Disaster Relief Fund, one of the things that happened when you fully funded the DRF is that we have been able to maintain a healthy balance there. So when we had the Colorado flood several years ago, we weren't in the situation we were in 2011 with Irene when we were out of money, and Congress was having to very quickly do a supplemental.

By maintaining a balance of \$1 billion in the fund at the end of the year, we are prepared for those no-notice earthquakes or other events that are large scale. That gives us the funding to do the initial response and ensures that Congress has the time to do a deliberative process in determining a supplemental, versus us running out of money and you having to make quick decisions without all the information.

So maintaining that balance gives us that initial push for our response to a catastrophic disaster. We did this in Sandy as well, if you remember. Although there was a lot of work getting to a supplemental, it was not about FEMA having to shut down or not doing our jobs because we didn't have immediate funding.

So by maintaining that balance in the DRF and allowing for that balance to stay there, it protects the ability of Congress to do deliberative findings when supplementals are requested versus having to respond to what in many cases is very preliminary data.

Senator SHAHEEN. I certainly agree with that. I think that makes much more sense and support that effort.

And having had communities in New Hampshire who were affected by Hurricane Irene, and some of them are still affected by that, I appreciate it is much more important to have the funding there so you can continue the relief efforts throughout that process.

The one thing I would say, and I understand the point that you are making about planning for major disasters for areas where they are going to hit significant populations, the one thing I hear from people in New Hampshire is that even though it may be a small community, or maybe even one farm or neighborhood, people that are affected just as dramatically by disasters as large communities like New York or some of the communities in New Jersey.

So that is why the efforts of FEMA make such a difference and are so important.

Mr. FUGATE. I agree 100 percent.

Senator, again, we look at where the worst, largest disasters may be to make sure we have enough capacity as a Nation. That ensures that when you do have that disaster in your home State, and we may have tornados in the South, and there is an earthquake on the west coast, we are not pulling resources out of your State when you still need them. So this goes into our planning. It actually drives some of our assumptions that we don't have one disaster at a time.

Senator SHAHEEN. Great. Thank you.

Thank you, Mr. Chairman.

Senator HOEVEN. Senator Baldwin.

ENSURING RAIL SECURITY

Senator BALDWIN. Thank you, Mr. Chairman.

As I mentioned, I plan to focus my questions on oil train safety and disaster preparedness, in that regard.

It is an issue I have been heavily involved in, as my State has become one of the most heavily traveled routes to bring oil from the Bakken to refineries on the east coast, as well as the gulf.

Also, as the ranking member of the authorizing subcommittee with jurisdiction over FEMA, I have become very involved and a very enthusiastic supporter of the RESPONSE Act, which would establish a subcommittee at FEMA to bring together experts and establish best practices for responding to oil train derailments.

I look forward to working with the chairman and ranking member of this subcommittee to ensure that FEMA grant programs are adequately funded to provide training and equipment for first responders to respond to oil train accidents.

Mr. Fugate, in your testimony, you identify building capacity or capability for catastrophic disasters as a strategic priority. In Wisconsin, certainly my constituents who live on these rail corridors, along these rail corridors, and State emergency management personnel have identified the increasing frequency of oil trains passing

through their communities as a catastrophic disaster waiting to happen.

The growing number of oil train explosions in North America suggests that it is not a matter of if but when additional train accidents will occur. Certainly, we worry a lot about an incident in Wisconsin. I want to ensure that FEMA is doing all within its power to build its capacity to respond to such an incident were it to happen.

So I would like to hear from you, first off, sort of where and how the growing threat of oil train accidents fit into your strategic priorities and what FEMA plans to do in response to this significantly increasing volume of oil train traffic.

Mr. FUGATE. Senator, because we are not the regulatory agency over the event prevention, I want to focus on consequences, because that is what we really find when we talk about specific hazards. Are we building capacity and capability to respond to the likely impacts, from the most immediate firefighting operation, which we work through at our Center for Domestic Preparedness and our National Fire Academy to update training. But also what happens if that occurs in a populated area? You have search-and-rescue operations. You have warning systems: our integrated public warning system, what most people think of as the emergency broadcast, emergency alert system and wireless emergency alerts. We work with States to make sure that they have those systems ready to go so they can warn and evacuate populations. We have teams that can support the States, if they need additional personnel to do search and rescue, and communications equipment that can be deployed at the request of the Governor to support those responses.

But also look at our grant program because that is really where most of the resources are going to be utilized in this. Although the intent of the Homeland Security grants is to build capability for terrorism, it is also understood that the same type of capabilities you have to build for a bomb explosion would be similar to the type of capabilities you would have to respond to a train derailment.

So again, we don't preclude it. We make sure that as we identify new threats, we look at our grant language to see if there are things in there that maybe would be unintentionally just not clear that can be used for that.

We don't want to subtract from the attention that we have to prepare for those types of events such as terrorism. But it also means that other hazards that have capabilities that we are building, we want to address those from the standpoint of life safety, immediate response, communications, evacuation, and sheltering. Well, that is pretty much something you are going to need to do in a lot of different events.

So it is this idea that our grant dollars that have built a lot of capability are looking at where we need to put more emphasis.

Right now, our first work with the Department of Transportation (DOT) is looking at our training capabilities, new issues that are coming out. We want to make sure that senior executives in the fire service have the latest. But also looking at the grant programs, and again as we see these threats emerging, going, because this is a dual use, and we do have the capability, we always go to the consequences. What are the things we need to do, if that happens?

Again, from a lot of their emergency management preparedness grants, which again I support this administration's recommendation and the subcommittee has done a lot of work here, those emergency preparedness grants that go to the State and local level for emergency management, those are some of the dollars they can be using to develop those community plans.

There are other programs that are not part of FEMA that have supported this before—under the Superfund Reauthorization Act that the Environmental Protection Agency (EPA) administers, local emergency planning committees.

So there are a lot of different pieces out there that we can apply to this. But from our standpoint, we are looking at the consequences, most immediately our training, then looking at our grant programs, and then looking at gaps that this is exposing across the Nation.

Senator BALDWIN. If I could just follow up briefly on the training aspect of that, you talked about training and reaching out to senior executives. I am certainly hearing from rank-and-file emergency management personnel who feel that they are underprepared were an event like this to happen. Specifically, they feel they lack the resources to send first responders to required training or provide them the specialized foam that would be needed, for example, to put out a burning crude oil fire.

And they don't feel like they are getting adequate information from the railroads themselves to respond quickly to an incident, should one occur while a train is passing through their jurisdiction.

So I am curious to know how much FEMA has engaged with the railroads themselves. Do you believe that more action would be necessary from the railroads and oil producers, in order to properly protect the citizens who live along these rail lines?

Mr. FUGATE. We are not directly working with the railroads. We are working with our Federal partners who actually have that regulatory oversight, which is the U.S. Department of Transportation.

But again, we continue to work in the interagency on this. That is part of the reason why a lot of our training is being designed to be "train the trainer" and independent study type, as we are sitting down, going, what are the training needs? What do we already have that we can utilize? And then what can we adapt?

So we are still in the process of developing and further examining what additional training needs are out there. We are also working back through the Department of Transportation with the industry itself over types of training venues that industry has that we can also tie into all of our other training and make more available the visibility of what industry has out there on training, in addition to a lot of State fire academies, our National Fire Academy, and our Center for Domestic Preparedness, to make sure that we have consistent training.

We are looking at field delivery training. We are looking at train the trainer. Part of this is dealing with the most immediate—what is the best information? How do you deal with this? And are we getting that ready to go? And then we look at all the delivery systems that may be needed to get that out to the local level.

FLOOD MAPPING

Senator HOEVEN. Administrator, one of the things I mentioned in my opening statement was making sure that as you work with flood mapping, remapping, and flood insurance you are coordinating with efforts by local communities to build permanent flood protection.

Can you tell me what you are doing to make sure that those things work in tandem. It is vitally important in terms of the cost of flood insurance for people who live in those communities.

Mr. FUGATE. Yes, Senator. Again, all the way back to when you were Governor, we often have had this challenge that our regulations would not recognize future projects in calculating risk as we were updating maps.

So what we would oftentimes tell a community is, well, that's fine, when you get it built, come back and we will change the maps. But then we would have the issue of having to change rates several times when we knew this was funding authorizing coming on.

So I think you saw from Roy Wright that we are taking a more pragmatic approach, that if we know the commitment is there and projects are coming in a timely manner, does it make a lot of sense in the interim to change rates several times and not recognize that?

So as we are going through this, what we do want to make sure is that the community has the commitment, they have the funding, they have the wherewithal, and they are actually moving forward with that.

I think that, from Roy's perspective, it is much more pragmatic to work with that community, not issue a map until we know that is online. But again we also make sure that communities are going to be moving forward, because we don't want to delay that if there is risk out there that people aren't aware of what the maps would show.

But if we know there is permanent work, corrective actions, things that are taking place that are going to fall outside of the updated map cycle, and if we delay it for a year, we would actually have the best data and we would actually recognize that. I think Roy is working to be more pragmatic about that, so that we are not unfairly penalizing communities. At the same time we are not waiting to identify risk for indeterminate periods of time.

ADMINISTRATIVE COSTS

Senator HOEVEN. And the ability to do that in phases is very important. In other words, if your process can be coordinated with building that permanent protection, which is very often done in phases, I think it makes a big difference for people.

Second, the next question I have for you goes to administrative costs. As you know, the Government Accountability Office (GAO) did a study, and they analyzed your administrative costs over 650 major disasters between 2004 and 2013. Their ratio was about 13 percent, in terms of administrative costs relative to the Disaster Relief Fund costs. Then they compared that to the States that had about a 3-percent ratio, I think it was.

So can you tell me why your administrative costs are at 13 percent and the States are at 3 percent? First, why? And then what are you doing to try to make sure it is as cost-effective as possible?

Mr. FUGATE. Well, those administrative costs include a lot of the capabilities to respond to disasters that are rolled into that. It also means that the State is usually benefiting from the joint field office (JFO) that we are leasing, and a lot of the overhead costs that we build into our budgets so the States do not have to deal with that.

But you point out something that I have oftentimes challenged my staff—how much does it cost me to administer one grant dollar in a disaster?

It is a range, because it depends upon how many people you have, what is the complexity? And I am like, that is not a good answer.

I am trying to look at this from the same point you are, why do I have to establish all of these different tools, if I don't need them in every disaster?

So one of the things we have done is ask, why are we establishing a physical presence if it is just going to be public assistance. I can send staff in, work out of hotel rooms, write the projects. I don't need a facility. I don't need security. I don't need the IT hook-up.

So we are doing what we call virtual JFOs, or joint field offices, with the State. Many of them appreciate it, because it means they can stay in their workplace and get the work done without having to relocate to another location.

So we are looking at, what is it costing us? Are there different ways of doing it? We are more inclined now to do virtual field offices instead of setting up a physical presence. We are looking to drive down that cost.

But we also do things that are reporting requirements; States don't have the oversight that we have. If you look at the post-Katrina reform, we have a lot of oversight to ensure that we are delivering programs and eliminating fraud and waste.

So as we go through that, we are trying to do a better job of accomplishing the oversight without the systems we built that sometimes are very cumbersome. They are not that efficient. But they were the initial response to how you provide that oversight.

So we are looking at both maintaining fiscal accountability and delivering programs. But looking at the mechanisms, there has to be a more effective, less expensive way.

As a State person, I was oftentimes floored by the number of people that FEMA would bring in for something like external affairs. I would have two people. They would have 200.

Of course, we had a joint field operation in Florida before hurricanes that had more than 5,000 people in it. And I can assure you, half of that wasn't the State of Florida.

So I am also sensitive to how much of a workforce we need to bring in to support a State, how much have they always done it that way. That is why we have really pushed back on the number of people deploying, setting up physical locations, and really focusing on the outcome of executing a disaster, not just going in and throwing in systems that had always been in place at a level that wasn't sustainable or necessarily required in all disasters.

Senator HOEVEN. Do you have any type of statistics that show what you been able to save? Or do you have any benchmarks as to what you feel you should achieve?

Mr. FUGATE. We are benchmarking. The challenge I keep running into while I try to do disasters is there is such a range. But I can come back and show you and show staff what it costs us to run a virtual joint field office versus what it would have been to have set up a facility, because we have to go in and lease a facility for so many months, and we have everything associated with that. The reality is, we may only need it for a month to do what we need to do.

It is better if I show you some of those types of disasters, show you what it would've cost if we didn't do this, versus what we have traditionally spent.

I think as we build better analytics, we are trying to get to this number of how much is actually part of the disaster response versus overhead to maintain the capability for response, and then looking at that on a case-by-case basis. Are we showing savings?

Some disasters like Sandy are going to have higher administrative costs. It requires a lot more people, a lot more facilities, and it is in a very expensive area to put people up in hotel rooms. Other disasters would be less expensive. And others we are looking at, are we driving the trends down and are we seeing overall that we are containing overtime costs? Are we not doing things just because people have always done it that way, to really drive down the cost of each \$1 we administer?

So I think I can give you some of the things we are working toward. I can give you some case studies of disasters where we have done those reductions versus what we would have spent before, and start showing you those trends.

[The information follows:]

FEMA is actively working on managing administrative costs, and is also working on improving its ability to understand the effectiveness of disaster operations so that reductions in administrative costs do not adversely impact survivors. In July 2014, FEMA issued its Strategic Plan for 2014–2018, which includes a goal to reduce its average annual percentage of administrative costs, as compared with total program costs, by 5 percentage points by the end of 2018. FEMA conducted analysis of FEMA's historic administrative costs, and also leveraged the GAO's findings, to understand the agency's baseline administrative cost percentages for each disaster size. From that baseline, FEMA adopted administrative cost targets for 2018 by disaster size.

In addition, FEMA ensures accountability at all levels because FEMA has created the ability to monitor performance against these goals. First, every major disaster is managed via a spend plan, through which FEMA monitors and forecasts the administrative costs of that disaster. In addition, FEMA has also developed an automated common operating picture, which is an electronic dashboard that leadership and FEMA employees can use to monitor the administrative costs of any FEMA disaster in near real time. Finally, FEMA has created a SharePoint database and processes for senior leaders to review the status of all performance measures in the strategic plan, including the performance goal for administrative costs.

FEMA is also currently implementing several pilot programs that have a goal of reducing the costs of disasters to the American taxpayer and continues to research new avenues for improvement such as the potential of "virtual" joint field offices (JFOs). One such example is the "debris removal pilot." This program has four goals: (1) reduce costs; (2) increase flexibility; (3) expedite assistance; (4) provide incentives/disincentives for timely/cost-effective completion. Another change being implemented by the Agency is in public assistance (PA) reengineering. This builds upon multiple Agency and PA strategic projects to deliver faster, more efficient, and more effective public assistance to applicants. This is yet another example where

FEMA expects to enhance the services disaster survivors receive while creating a positive impact on the costs of disasters. PA reengineering will remove the inefficient one-size fits all approach to project worksheet development and will better refocus effort to the level of risk of each project.

“Virtual” JFOs have been an effective cost saving strategy when appropriate for the disaster. However, “virtual” JFOs are only one potential model for delivering assistance. In some circumstances, a concentrated physical presence, e.g., a limited JFO, may be the most efficient and effective strategy to deliver assistance. Recently, FEMA has recognized that its Regional offices were using a variety of models to best meet the needs of the survivors. These models include “virtual” JFOs, central processing centers, limited JFOs, and full JFOs. FEMA is currently conducting a thorough analysis to define the most efficient and effective models that capture the majority of response and recovery efforts for Stafford Act presidentially declared disasters. This includes defining the decisionmaking criteria for selecting a model, the setting of performance metrics within the models, and a quantification of cost savings.

Senator HOEVEN. So you will show us some metrics on outcomes?

Mr. FUGATE. Yes, sir.

Senator HOEVEN. Okay. Thank you.

NATIONAL PREPAREDNESS GRANTS

Senator SHAHEEN. Well, thank you. I agree. I look forward to seeing those.

I want to go back to your conversation with Senator Baldwin, because you talked about the importance of grant programs for preparedness and working with local first responders and local agencies.

And I certainly agree with that. As Governor after September 11, I can tell you very directly what a difference the Department of Homeland Security grants have made in New Hampshire to our preparedness. That is why I was concerned when I saw in the budget that you are proposing an 18-percent cut to preparedness grants, a 28-percent cut to training, and a 1.5-percent cut to firefighter grants.

The recent FEMA preparedness report found eight areas where communities are still in need of improvement. I know that one of the proposals is to consolidate many of these grant programs.

While I appreciate that there are places that there can be efficiencies, I can tell you that those grants, as I said, have made a huge difference in New Hampshire. We leverage a little bit of money and make it go a long way. The firefighter grants, the other preparedness grants, have really been critical.

So can you explain why the proposed reductions? And my understanding is that the authorizing committee is probably not going to take up the consolidation issue, so that is probably not going to be an option in this budget. As I said, I probably wouldn't support it, if it were.

So I wonder if you could talk a little bit about that.

Mr. FUGATE. Well, two pieces. It is very straightforward.

Obviously, I would like to provide the maximum amount of funding that we could provide in the grant program. But as you have to make hard choices, we have to fit within our budgets. We have to submit on the basis of overall priorities in the administration. And this is a continuation of the President's request.

So although Congress has been able to find more money and has funded these grants at higher levels, we have been pretty consistent in what we have asked for.

As far as consolidation of the grants, this actually went back to, and both of you as Governors and my experience in Florida was—since the ability to leverage dollars across the State—some States do a better job than others, but what it really came back to was the Governor. You have emergency powers. Your constitution establishes the emergency authorities. The consolidation of grants was really upon the Governor in the State in the position to help direct where resources were across the State. You know your States better. It will give you more flexibility across grants to make decisions.

We also understand a lot of stakeholders don't have the same trust. There are concerns that not all States may be as equitable in distributing funds.

As I have said in each of my testimonies, the reason we are doing this is to recognize the roles that States have, Governors have, and what State constitutions empower. The emergency authorities and the creation of the political subdivisions are unique to each State. By consolidating these grants at the level of the Governor, it gives Governors more flexibility to determine those priorities.

That being said, I have also said I will faithfully execute the budget that Congress provides us, with the direction you give us. That will be not up for debate.

Senator SHAHEEN. Thank you. I appreciate that.

The draft national preparedness goal that is out for review says that fire management and suppression was added as a core capability, which makes total sense to me. And yet, again, the request for grants for fire departments proposed a reduction.

So can you talk about what a reduction in those grants to fire departments would have on the distribution of funds to rural communities and to volunteer departments? And how we can, on the one hand, talk about the goal of fire management and suppression, and on the other hand, talk about reducing the grants to those fire departments and folks who are going to need to make sure that we are prepared for those fires?

Mr. FUGATE. Adding the structural firefighters goes back to the original emergency support functions of the framework that were based upon wildland firefighting, because on a national level, wildland fires had been the ones that required a Federal response the most often.

And I had come out of the fire service, so I have to be biased here as a structural firefighter.

We do a lot of wildland firefighting. But in disasters, we also do the bulk of the search and rescue. We also provide a lot of the emergency capabilities at the local level. So we felt it was important that the fire service be recognized in the framework as part of the emergency support function that had almost always exclusively been on wildfires. So that was that.

As far as the grants, again, the reduction will mean fewer smoke detectors, fewer pieces of equipment bought, fewer breathing apparatuses bought. It is just a reality that when we have to force into a budget everything and all the priorities, these were the numbers that we were able to get to make and represent to you what we think, as the administration, we can fund.

That doesn't mean there is not more demand out there, that there's not more need out there. But this is based upon all the priorities the administration has in all of our budgets to look at funding everything from Health and Human Services and Ebola response and unaccompanied children, and a lot of other things I find myself dealing with.

This is where we came out and were able to make the recommendation. We also understand that this is where we start the discussion.

Senator SHAHEEN. Well, I am glad to hear you acknowledge that it will have an impact, if we don't have that additional funding.

I want to go back to the discussion about how you put together your budget. Several things that you include as new—I shouldn't say they are new initiatives, but efforts to upgrade your management structure, focus on IT, on business management, on grant management, cybersecurity.

I wonder, can you talk about why it is important to do those now and how those initiatives rose to the top of what you were looking at in order to be more efficient?

Mr. FUGATE. Well, again, we had started this before. Being in the Department of Homeland Security, we found ourselves with grant modernization being rolled up into a department-wide initiative when I got here that later did not occur.

So we have systems that are ancient. We pay so much in just supporting and maintaining old systems that we think we could do a better job by modernizing the systems and reducing our recurring costs. In many cases, we think we can have substantial reductions by upgrading to newer systems than to pay legacy costs.

This becomes a cybersecurity concern as well. When systems are running on old, old systems, including the fact that Microsoft is no longer supporting Server 2003, but your systems are built on that, if you are not upgrading them, you are going to increase your cyber vulnerabilities.

So we have done a lot of work to look at our vulnerabilities on that end. We are not a poster child at all for that. We cleaned up our systems. We have been documenting our systems. We have been eliminating redundant systems that were no longer needed.

But we have reached a point where if we do not start upgrading these systems, not only are they going to become more expensive to maintain, they are not going to achieve their purpose of being able to be transparent and share information with our stakeholders.

And quite honestly, we will spend more time responding to your requests by creating a spreadsheet in Excel to take all the data the system cannot produce in a format you need to make your decisions.

Senator SHAHEEN. So do you have estimates on how much you are going to save or how much the spending will balance out in the long term, because of the efficiencies you will be able to achieve?

Mr. FUGATE. Yes, Senator. We have actually taken—we are backing away from this idea that we are going to do one big major system that is going to fix everything. What we said is that we are going to take small incremental steps, build on common operating

systems, use Government-owned systems, and move forward in the grant consolidation and modernization.

We can show you both our timeline, if we appropriate the funds for this, what our milestones are, what our projected savings are. More importantly, I can show you what it is costing you right now to maintain the current systems and how we will see those costs go away as the new systems come on and replace them.

[The information follows:]

The Grants Management Modernization effort will consolidate disparate grants systems managed under multiple program areas within a common platform helping to reduce the overall development and sustainment costs (infrastructure, labor, licenses, etc.) in the out years. The effort will also help unify the services of FEMA grants programs to the recipients, enabling a more transparent and intuitive system. In addition, a common platform will help reduce the training time for the system and enable cross-training for grant managers/administrators and recipients/sub-recipients.

In fiscal year 2015 the cost to operate the current Grant Management Systems is \$30,511,000. Fully implementing FEMA's grant management modernization by fiscal year 2020 would save an estimated \$9,277,000 (with an estimated cost to operate the current systems that year and modernization effort at \$21,234,000). These estimates are based on limited information available at this time and it should be noted that the project does not currently have an analysis of alternatives (AoA) or life cycle cost estimate (LCCE).

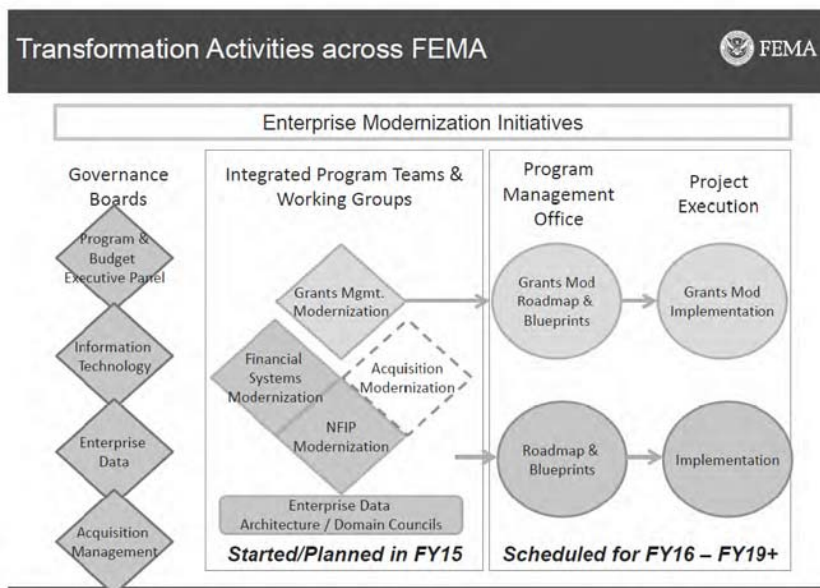
Please see the following tables for a breakdown on costs for both current systems and the modernization effort and a timeline of the Grant Management Modernization effort.

	Fiscal year 2015	Fiscal year 2016 budget request	Fiscal year 2017 Est ¹	Fiscal year 2018 Est ¹	Fiscal year 2019 Est ¹	Fiscal year 2020 Est ¹	Total fiscal years 2015–2020
Current Grants Management Systems Investments:							
Planning and Development/ Modernization/ Enhancements ..	5,450	7,506	.....	.....	.....	.....	12,956
Operations and Maintenance ²	25,059	28,060	29,467	29,078	21,234	14,724	147,622
Subtotal Current Services	30,509	35,566	29,467	29,078	21,234	14,724	160,578
Grants Modernization:							
Planning and DME ³ .....	.....	11,900	11,424	9,700	6,510	.....	39,534
Operations and Maintenance ² .....	.....	.....	.....	.....	.....	6,510	6,510
Subtotal Grants .....	.....	11,900	11,424	9,700	6,510	6,510	46,044
Total (Current Services and Grants Modernization)	30,509	47,466	40,891	38,778	27,744	21,234	206,622

¹ These are projections which are subject to change.

² Estimated O&M of current FEMA's Grants Management System. The Comprehensive IT Review that the Agency is undertaking may yield additional cost savings.

³ FEMA's Grants Management Integrated Environment (GMIE) effort started in 2009 was estimated at –\$35 million (in fiscal year 2010 dollars) for 3 years.



Senator SHAHEEN. That is great. If that is something you have not yet shared with the subcommittee, will you do that, please?

Mr. FUGATE. Yes.

Senator SHAHEEN. We would very much like to see that. Thank you.

COST ESTIMATES

Senator HOEVEN. Administrator, as a result of Hurricane Sandy, you received both authority to provide upfront funding for public assistance projects so that entities could get that funding up front and then build out the project. The idea was both to expedite the process and hopefully give them more flexibility to get it done.

And then also you were given authority to examine ways in which you could reduce disaster costs nationally.

Both of those seem like really good ideas. So I would like you to respond in both areas. Why isn't more of the funding, where it could be provided upfront, being utilized more frequently?

And second, talk about your strategy, as far as implementing the national strategy to reduce costs.

Mr. FUGATE. Yes, Senator.

As with anything new, there was a lot of concern that by doing a cost estimate, what would happen if they discovered something later on that wasn't anticipated? They would miss out. They would be stuck with the bill.

Our first success actually came out of a case that was still pending from Irene in the State of Vermont with the State government complex. Once they understood the flexibility could solve problems that we had not been able to resolve, they moved forward with it and we had our first successful project.

We have seen initially a lot of resistance because of the unknowns. But as we have worked and get success, and that success spreads, people are starting to understand that this is giving them flexibility. It is giving them the ability to move forward with certainty on those projects. And we are increasingly seeing more projects come into the queue that are going to go this route.

And the amount that we have already approved in dollars going out are in the billions.

I am still working with the mayor of New Orleans to finalize some of the projects still outstanding from Katrina, almost 10 years later. I do not foresee that in Sandy, where we are in some of these very complex hospitals using this. Charity, we were 5 years and went to arbitration before we ever got an answer. We already are moving forward on funding and the construction and rebuilding and repair of hospitals.

So I think this is still a concern that, what if they find things later? We're going, that is why we want to do the due diligence at the front end, bring in the engineers, get the contractors, put in the effort on the front end. We don't need to rush that. I want to make sure it is a good, solid number that we have identified all the stuff.

But once we have that number and we can agree to it, do I really need to be there every time you change an order or you need to do something different, to get a review, and then I have to dole out money each quarter and constantly do the inspections?

I think that is where the administrative cost goes up. If we have a good product, we have a good agreement, we have the fiscal tools in place, we have accounted for what was actually eligible, and we make that determination, then we should be able to move forward.

And I think as applicants become more familiar with that and see the benefits of it, we are going to see increasingly, particularly in large, complex projects, communities turning to this to speed up the process.

Senator HOEVEN. What is the flexibility mechanism so their concerns are covered, in terms of if they take the money up front and then find out that there are additional costs? What is that flexibility mechanism?

Mr. FUGATE. In many cases, we will write a small grant to bring in an engineering firm. Both of you as Governors have been through State bid processes where you bid out a building and if the person bidding on it made a mistake, they own the mistake.

So we basically take this all the way up there, where you have somebody who is ready to bid on that project. That is the number we want. So we have done everything. They have done the studies. They have done engineering. We have done all the due diligence. Because at that point, you should be ready to issue the contract.

Now if the person didn't do due diligence, that is generally going to be their responsibility. We have tried to make this as seamless as we can to get to the final number with the best understanding of what it is, what all the eligibility is.

And if it takes us a year to get to that on something complex like a hospital, we will take a year. But once we get to that number, we want to be able to pay you, allow you to move forward, and allow you to do things that we have historically not, such as looking at things from the standpoint of other Federal dollars, making

decisions about increasing the size or capabilities of your own dollars.

Whenever you did that with our dollars, we were so constrained; we could only do what was damaged. And if you need to do things that were going to improve that, we may not be able to fund it, but we shouldn't be an impediment to you doing the things that make sense, making a facility bigger or dealing with other issues, or utilizing community block development grant dollars to enhance something.

Our process was always so restrictive that it was very difficult. This is much better. And we build the mitigation on the front end, because, as you point out, a lot of times we will build back on the basis of the past data. The problem is we have seen too many times that we have been back to that facility more than once because it got wiped out.

We need to move beyond that. We need to build to future risk. We have to look at not just building back to what we have always looked at in cost-benefit analyses and make investments. And this gives us that ability to move beyond just looking at one set of criteria when you are rebuilding.

HAZARD MITIGATION

Senator HOEVEN. And that goes right to the hazard mitigation piece. It seems to me that your mitigation effort has to be focused on the actual hazard. And in this budget, you are looking at additional funds for hazard mitigation. But I would, certainly, want to know that that is based on the actual hazard itself and that you are trying to mitigate both the hazard and the long-term costs for the Federal Government and the locality. That that has to be the criteria for determining hazard mitigation.

Mr. FUGATE. Absolutely. I can show you examples where we have had predisaster mitigation. States have taken that, like in Oklahoma, to do grants to families to build safe rooms from tornadoes.

Again, our goal is to drive outcome-based improvements to reduce risk. There are a lot of causative factors. There are a lot of driving factors of that in a changing environment. But we want to look at those things that, as taxpayers, we can spend money on the front and to reduce both our future cost but also the potential disruptions from failure of critical infrastructure to disasters.

So this is very much in our predisaster mitigation, looking at it from the lens of outcomes that are based upon buying down risk, reducing risk, or building more resiliency and critical infrastructure that is hazard based.

Again, as I point out, with trains and other things, there are a lot of things out there driving change. I have to look at the consequences of impact. And that is where we focus our mitigation dollars.

Senator HOEVEN. And then having a way to measure. Again, you have to have a way to measure and show the results, whether it is providing the funding upfront and the flexibility, whether it is making sure that you are mitigating. You have to have a system to come back and have measurable results.

Mr. FUGATE. How about lives saved?

Senator HOEVEN. Lives saved, obviously, that is a huge priority there.

Mr. FUGATE. I have to give you a little good news story. Big data get talked a lot about in DC, but very few people can give you a concrete example.

Our fire administration collects fire information from fire departments. They call it NFIRS, the national fire reporting database. We have never had a good program that opens those that data up. We finally got the data where we are providing it. But what are we going to do with it?

We have been working with Red Cross, and Red Cross decided to focus on smoke detector installs in areas that have had the highest risk to loss of life. They were able to take our data, match up to communities. They used fire grant dollars. They got volunteers to install smoke detectors. They now have, since they have been doing this program the last couple months, using data to drive where we make the installs, 13 documented cases of lives saved where smoke detectors went off and people got out of the building that historical data say we would have had loss of life.

So we are using big data to leverage our limited funds, partnering with organizations like the Red Cross and getting outcomes that we can document. Those reports that people used to file, when I was a firefighter, I always wondered, what are you doing at that? We are making the data available so people can use the analytics and answer where the most need is? Where is the greatest risk? Where can we make the greatest difference with our limited resources?

I was talking to Richard Reed at the Red Cross this morning, and he said that they now have 13 cases where they installed the smoke detector, it went off in a fire, and people got out. And the data say that was a high-risk area. Without that smoke detector, we probably would have had a loss of life.

Senator HOEVEN. Very good.

Mr. FUGATE. That is some of the outcome that the funds you provide us have produced.

Senator HOEVEN. Right. It is very important that, wherever you can, you are measuring that, so we can track it and know what it is. Thank you.

Senator Shaheen.

INDUSTRY LIAISON PROGRAM

Senator SHAHEEN. Thank you. As you pointed out, what you are always looking to do is figure out where you can spend money to mitigate potential risk, how you can be more effective in doing that. And one of the places where I think there is real potential is working with the private sector because, as you know, government doesn't respond to disasters alone. It often has the benefit of using the private sector.

And FEMA's industry liaison program is one point of entry for vendors who would like to do business with FEMA. But I have to tell you that I have heard from some businesses in New Hampshire that have not had a good experience with that program.

One of those, in particular, which I won't name because I haven't gotten clearance from them to use their name, but they have

worked with the Marine Corps, the American Red Cross, the Navy. They were in Haiti responding, and in New Orleans responding to Katrina.

They really wanted to try to market their technology to FEMA. Beginning in 2009, 2011, 2012, they presented to FEMA at three industry liaison program vendor outreach sessions. Appropriate policy and program staff attended only two of those three meetings.

Although initially officials appeared enthusiastic, the procurement staff limited the meetings. They prevented agency employees from sharing their business cards. They regularly failed to respond to the company's follow-up phone calls and emails.

When we tried to inquire about the process and how we could ensure that they were getting a fair hearing, we were told that they have to go through the normal procurement process. Well, that is what they had tried to do.

So can you talk about how you can do more to ensure that when companies have good technology that can be a benefit to FEMA, that there is an opportunity for them to be heard and for you to take advantage of some of the technology where it exists?

Mr. FUGATE. Senator, given the timeframes, we have changed out the leadership of the chief procurement officer. It addresses some of this.

But I also think it comes back to sometimes we are overly concerned about not tainting potential bid processes, and there are certain things that we need to be very careful about that we don't predetermine or give any favoritism to.

Our new chief procurement officer has found a better way to do this by doing industry days where they bring in industry in an open setting. We did this with IT. We explained, here's what we are looking at; here's where we are going. We are not going to give anybody any preferential or one-on-one sit-downs, because this is going out to bid.

But we did industry days where we brought everybody in, and we invited anybody who was interested in looking at our IT as a potential vendor. We laid out what we are thinking about doing, what the timeframes are, and what our outcome looks like.

So I will have staff work with your staff, and we will work this. But I think sometimes we overcorrect in not trying to get into procurement issues that may exclude companies from being able to present, and then finding a better way to make sure we have a level playing field so we don't mess somebody up.

As you know, if it is even seen as giving favoritism in a disputed bid, we have a bid protest.

So we have a new chief procurement officer. He has brought sanity to the process. We are making it as transparent as possible. Part of the tools are, when we want to do these meetings, we try to set them up so we don't end up contaminating any future procurement process.

One of the things we are finding is that these industry days where we bring in groups around our mission and our challenges and go, "Here's what we are looking at. Here's what we're thinking. We are going to be putting bids out for this, but we have all the industry there." They hear all our presentations. Any questions they ask, everybody hears.

And it keeps the system less jaded than what we have.

I think what you were probably running into was a procurement office that was not where we needed it to be, but also a tendency to overcompensate and not always provide a level of service and information that we could be providing without jeopardizing future procurement.

FLOOD MAPPING

Senator SHAHEEN. That is very encouraging, so we will go back and tell those businesses in New Hampshire that would like to work with FEMA that they shouldn't give up on the process, that there is hopefully a new process that is more transparent and an opportunity to be heard.

So thank you. I look forward to hearing how that works.

There is one issue around the flood mapping that Senator Hoeven has not touched on that I just wanted to raise. And it is I think the final issue I would like to raise, and that is around the new position of the flood insurance advocate, because one of the things that again we have heard, as I think Senator Hoeven said he had heard in North Dakota, is that there is a lot of uncertainty and not a clear understanding about how the new flood maps are done, what kind of community input is available, and how decisions are made.

So can you talk about the new flood insurance advocate, what that office will be doing, and how they can help communities better understand the process of flood mapping?

Mr. FUGATE. Well, first of all, I have to thank you for the funding in the budget to stand the office up.

We are approaching this from two ways. We think that, in servicing maps, we need to look at building staff capabilities as advocates in the regional offices, so that they can be closer to attend meetings and know when maps are coming out.

These don't just happen at random. There is a whole process that communities are involved in. Having the advocate in the region, not part of that mapping process, but there to go out and meet with groups, get issues and bring them back.

At headquarters, we're focusing the advocacy office on dealing with claims issues. We think that claims have to be handled centrally because we pay them centrally. We stood some of this up prior to getting the final budget, just basically to get started. We didn't want to wait.

Now as we're building the office out, we started to take form. We still have detailed staff, but we are now going to the job descriptions to post permanent positions to start the program on a more permanent footing.

They are going to be housed as part of the flood insurance program, but they don't report to the Federal Insurance and Mitigation Administration (FIMA) Administrator. They report to the Administrator of FEMA.

We just put them in the office, though, so all of the connections, the logistical support and proximity, would be there. But their reporting chain, other than signing off on timesheets and travel, everything else comes to the Administrator.

So as we moved forward and establish that, we looked specifically in maps, the best place to coordinate that is in the regions.

What we are still looking at is workload. Do we need to have them full-time in each region? Or do we need to have people we detail to regions where we know we have significant map revisions coming out?

As you know, some map revisions are not contested. They are small. They are not going to involve a lot of other people. So rather than having people in each region all the time, if the workload isn't there, we may be looking at deployable staff. That is, we know we have a large project coming in, a large community, or a lot of concerns about it. We have staff that can go in and detail for the duration of that update.

Senator SHAHEEN. Well, thank you. I think this is sort like of an ombudsman to deal with flood issues within the office. I think this is a really positive development, and I look forward to hearing how it is working and to being helpful, if we can.

So thank you, Mr. Chairman.

And thank you very much, Administrator.

NATIONAL PREPAREDNESS GRANTS

Senator HOEVEN. Just a couple more questions and then we will wrap up. The first is, talk about the preparedness grants return on investment and really what you feel the level of preparedness is across the Nation. How can we measure that and how effective are the preparedness grants in helping improve that preparedness across the country?

Mr. FUGATE. Part of our preparedness report that we, again, struggled with early on was I could do a better job of telling you how much money had been spent, not really telling you what capabilities had been built.

We are now seeing, through our threat and hazard reduction and other surveys, and the State preparedness report, that over time, we are now seeing emphasis change.

I can give you some specific examples. The State of Mississippi had identified early in some of this that they needed more funding for operation, direction, control, communications, the type of things they need to manage disasters. But with that grant funding, that has actually matured. And on their State preparedness report, they are not showing that they are more into a maintenance mode. They are now not having to build as much capacity. So they are now switching to other things like cyber, which they still see that they need to make improvements in.

So between the State preparedness reports and Threat and Hazard Identification and Risk Assessment (THIRA), we are actually seeing trends where people who have built capacity are now shifting to other areas and have gone to maintenance, or they are still identifying areas they have to make investments in.

Part of this comes back to looking again at the types of threats and disasters. And as we see emerging threats, going, are we seeing capabilities being built out there?

So when you look at cyber, it has been pretty consistent. It is one of the areas most States have identified that they have a lot of

work to do. But it is going from we're just starting to we're now starting to see things coming back on what they are doing.

So we can show you where the money has started that process of where we have built capability and what that looks like and how it is being used, but also how they are now shifting to other priorities within those areas and looking at what they are doing to build capacity there.

Senator HOEVEN. But then how do you turn that into some type of ongoing analysis where we can look and say okay, these grants are very effective and we are moving up the chain? And then what the impact is nationwide?

How do you develop some system to truly track that and have a good understanding of where we are, how much progress we are making?

Mr. FUGATE. Again, in our national preparedness report, we try to use both analytics as well as anecdotal data to show both here's what the data and trends are doing but also specific case studies where people have done that.

The question we get a lot of times is how do we know when we're done. And the answer is we are never done.

One of the realities is that it is hard to explain to people, because we spent money building teams and capabilities, and you have to continue to refresh that.

People age out. People retire. People move on. You have to train new team members.

Equipment has to be updated. Technology changes. It needs to be replaced.

So all those laptops that were bought in the first go-rounds, that was 10 years ago. You've had to replace those at least twice. Antidotes that were bought in the first go-round, they have already aged out. And now maybe we don't need the initial game plan of having antidotes in every police car. Maybe we just need to have them centrally located.

So as you go through this, and particularly as we saw the funding going from increasing every year to reduction and then being stable, which I also appreciate, we are seeing communities make decisions about what capacities they need to maintain. Sometimes they are making decisions that they are no longer feasible, or the change in how we do business no longer requires it.

But maintaining that capability, and again, what you are seeing is, starting in 2011, I can point to very specific disasters where previously you would have had a much greater Federal response than the State and local that managed the response, because of the capability we built with the funding. And the Federal role was really to support recovery.

For a lot of disasters, that is probably our best indicator that we are seeing preparedness take place.

As I tell people, Sandy, when you look at what State and local governments did, and what they were able to manage, all the way from the Carolinas, all the way up, getting ready for the storm, a lot of that were those grant dollars that were built, paid for, and administered through all those Homeland Security grants. That was the capability that responded.

The Federal role was really more of a support to that versus the primary agency, which had been what we had to do in previous large-scale, catastrophic disasters.

Senator HOEVEN. That's it, because, done right, I think it can make a huge cost difference. It is the difference between continuing to spend disaster recovery money repeatedly, year after year, versus actually building some of this infrastructure through the preparedness grants. So you spend lots. You may spend more in 1 year, but you get out of this repetitive spending for recovery.

Mr. FUGATE. Part of it, Senator, too, is we made some decisions that we were funding each jurisdiction, hoping it added up to being prepared. The reality is, through mutual aid we can bring and consolidate a lot of resources we as a Nation built.

So we began changing the language in the grants to recognize that these are really building national capabilities that you use at the local level and you may use at the local level exclusively until there is a large disaster somewhere else. Then every State that receives these, the State administrative agency, has to certify that that State remains a member of the Emergency Management Assistance Compact (EMAC), and we look at these deployable resources as national assets.

So that change began then leveraging. Do we need to have the same equipment in every jurisdiction side-by-side, or could we start moving toward identifying, hey, we have a lot of search and rescue teams here? What we don't have are mortuary services. Or maybe we don't have specialized communications to support that. Or in the case of trains and other things, we may have an emerging threat that we need to enhance hazmat teams for, but does every team or do certain teams start that process?

But that, to your point, is really looking at building capabilities and capacity that is housed at the local level, used day-to-day at the local level. But in a catastrophic, terrorist attack or other event, they are national resources that can be mobilized and cross State lines.

Again, we saw in Sandy a lot of assistance from outside the area where there were those that were funded with these dollars and built those capabilities, but shared Governor to Governor, State to State, in mutual aid. That is why we really talk about a national framework, national capabilities, national preparedness, not Federal, not FEMA, because the grant dollars are building a national system.

EMERGENCY MANAGEMENT ASSISTANCE COMPACT

Senator HOEVEN. And through EMAC, that is working? You have the coordination you need, so that people feel like those resources are available when and where they need them?

Mr. FUGATE. Again, Senator, the ability for Governors to share resources, whether it is National Guard, State resources, local resources, is the foundation of that. Where we still work are some States do a better job internally of being able to activate and mobilize their local resources as part of that. Others need more work.

So that is why we continue looking at tying back grants to that capability of getting communities, including the urban security areas, to recognize they are a national asset, not just for that com-

munity, that we are never going to strip away resources from a city or State that may need them. But I am also seeing that time and time again some of the fastest, most effective responses have come from neighbors helping neighbors, Governors helping Governors, and making it clear that we need to build that capability around what Governors do best in dealing with disasters.

NATIONAL FLOOD INSURANCE PROGRAM

Senator HOEVEN. All right, I have one more question, and then Senator Shaheen I think has one more, and we'll wrap up.

Can you comment on your sense of solvency of the National Flood Insurance Program and the fund, in terms of how we are doing right now, how we are managing the program, and all the steps that you are taking for risk mitigation, hazard mitigation, preparedness, all of these steps?

Where does that put us in terms of creating long-term solvency for the flood insurance fund?

Mr. FUGATE. Well, the challenge you have is, if you have average levels of flood events, the fund does fine. The program is actually fairly well adapted to reoccurring flood risk.

What it is not designed to handle well are large flood events, particularly coastal areas, where you are dealing with such large responses like a Katrina or Sandy. There are numerous communities, including in my home State of Florida, that have significant exposure to tropical systems.

The program does not handle that well. But if we see a normal level of riverine and localized flooding, the events that we typically experience outside of a coastal storm, the program has done well. It actually is paying back interest in debt.

But we also want to make sure that we are looking at some of the practices that I think we are finding, as we look at what has happened in Sandy. It also concerns me that we are paying a lot of money to run this program. So I want to start driving down costs, just like we are trying to drive down costs in our other programs, not at the expense of the customers we serve, or the fiduciary responsibility we have to taxpayers.

But I want to look at these costs, because does it make sense to spend this amount of money to get this product? And are there better ways to do things to get a better outcome at lower cost?

Again, as we get into this, this is my third phase of flood insurance. Right now, I have to deal with the immediate issue of what happened in Sandy. I have to take the steps of making sure that doesn't happen again. My third step is to go back in and basically fundamentally relook at how we administer the program through Write Your Own, through our direct service policy, how we service claims. What are we spending to do that? What makes sense? If and how do we ensure that we have a good product that is stable, available, gets written timely, gets serviced timely, pays out what is owed at the least amount of administrative overhead?

Senator Hoeven. Thank you.

Senator Shaheen.

Senator SHAHEEN. So based on something that you said, I have a couple of other questions.

One, as you were talking to Senator Hoeven about where the risks are and how effective we have been at preparedness across the country, can you map where those potential high-threat areas are?

So, in New Hampshire, for example, we can tell you where the hazmat teams are, where there are areas that need more coverage, where the communication systems are interoperable, where we have teams that can address chemical or biological threats. So is there a map like that that exists for the entire country?

Mr. FUGATE. There is an element such as data visualization, and part of it is grant modernization. We have to get data where we can do things like that. But we can do some things already.

We can take all of the major fault areas of the country and lay those down. And then we can take the known locations where we have our Federal urban search and rescue teams, which you fund, as well as the urban search and rescue teams that States have identified that were built with grant funds, and overlay that and show what that looks like.

So we have been doing that as we look at where threats are. What are the capabilities?

As we do catastrophic planning, one example is the Cascadia Subduction Zone, which would result if they had a large earthquake.

Senator SHAHEEN. Where is that?

Mr. FUGATE. It is off the northwest coast. It would involve from British Columbia all the way down to northern California.

So we have to look at a lot of communities in Oregon and Washington State that would be vulnerable to that type of event, and then look at where the resources would come from. We do the same thing in the central United States for the New Madrid earthquake.

So it isn't that we don't look at all States, but we look at the specific hazards that we know are geographical, whether they are storm-based, earthquake, volcano, or tsunami risk, and then go, where are the resources? Because you have to figure, if you are in the area, you may be as much a part of that disaster and not be able to be in immediate response capability, so where would resources come from and how would you build that?

So as we do this deliberate planning, we actually go through the list of what the State and locals have, where the gaps are, how we are going to make those gaps up.

We actually work all this to our ultimate partners in the Department of Defense (DOD) with NORTHCOM, so that the locals, the States, FEMA, and DOD are looking at the same scenarios, types of resources.

But part of this is looking at the mutual aid capabilities across the Nation, and where they make sense, because one thing you don't want to do—as we saw happen in Irene, we started pulling a lot of units to respond to Irene, aviation units within the Guard, almost exclusively east of the Mississippi.

We asked the question, what happens if we have another event? Now you are going to have to pull resources all the way from the west coast. Maybe it would make sense to start distributing some of the resources.

So we were working back with Frank Grass at the National Guard Bureau to try to do better visibility of where our capabilities are. We know some places where disasters are going to happen. Others, we just don't know until they happen.

Terrorist events are not going to be geographically specific. It depends on what they hit.

So we look at where we have known threats, and we plan deliberately for that. But we also have the ability to then use that if we have an event occur that wasn't in an area that we had planned for or had not been identified; we still have the same tool we had been building as far as where resources are and the type of capabilities.

Again, we go through disasters and we say what are the consequences? And what type of support are you going to need to deal with that?

So a lot of times we focus less on what caused the event than, if you are going to do search and rescue, what are you doing search and rescue against population? If you have to treat patients, what kind of patients? How many? If you are going to shelter people, how many people do you need to shelter? What is the duration?

If we know that, we can now apply the resources as a Nation against that versus waiting until it happens and going, well, how do we deal with this? We deal with these things all over the place.

But it is really coming back and taking a step back and going, collectively as a Nation, there are going to be some events so big that if we are not bringing in all of the capabilities as a Nation, we are going to end up with shortfalls.

Again, a lot of things happened with Katrina, but the one thing I saw from my vantage point in Florida is it wasn't that the Nation lacked the resources to respond. We did not have an effective way of getting resources plugged in and identifying—

Senator SHAHEEN. Yes, clearly.

Mr. FUGATE. But you as Governors, you are probably, like, we have people we can send. Who do we call?

So we don't want to have that happen again. This means that you have to take a step back and say, look, there are disasters bigger than the Federal Government. They are going to be so big that they are going to require that we engage the States and local governments that are not affected as part of that response.

That goes back to the grant funding. It is building capacity and capability we haven't had before by using tools like the Emergency Management System Compact. We have a framework.

And I have never known a Governor who wasn't willing to give everything he or she had, including sometimes probably more than he or she should send, to help another Governor out and help citizens out in a time of need.

So when people say are we better prepared? Yes. Do we have a mechanism to administer it? Yes. Do we have work to do? Absolutely.

But we are no longer just sitting there telling you how much money we allocated each year as a measurement of preparedness.

CYBERSECURITY

Senator SHAHEEN. Sure. As you point out, the way we are most effective is when everybody mobilizes, because that provides more volunteers, more resources to the effort.

I just want to close with the final issue that you raised. You talked about hearing from States and localities about the threats to cyber, the cybersecurity threats.

I wonder if you can talk about what FEMA is doing with respect to grants to address cybersecurity threats? What percentage of the funds are actually awarded for those kinds of grants? And do you work with the cyber center at Homeland Security on how those grants are distributed? Or the technology that they're developing there? Explain a little bit how that process works.

Mr. FUGATE. Senator, I would have to go back and ask staff. Most of what we see with States looking at cyber using our funds are things like enhancements in their fusion centers. So I would have to go back and ask staff, because I know we have worked to expand eligibility on what grants can do. But there is also, within the cyber world, still a lot to be determined on what the best practice are, and how much of this is an IT investment versus Homeland Security grant. So I would have to go back and ask that.

[The information follows:]

For fiscal year 2012–2014, the total grant funding obligated for cybersecurity projects is \$82,350,618 or 1 percent of all awards made in these 3 fiscal years.

The State Homeland Security Program, Urban Areas Security Initiative and Emergency Management Performance Grants funded 396 cybersecurity planning, equipment and training projects from fiscal year 2012–2014 totaling \$69,285,928.89 or 2 percent of all awards made under these programs.

The Port and Transit Security Grant Programs funded 36 cybersecurity projects from fiscal year 2012–2014 totaling \$13,064,689 or 2 percent of all awards made under these programs.

While FEMA does not directly work with the National Cybersecurity and Communication Center, the center, along with any other State resources, is available for State and local jurisdictions to use while determining projects that meet National Preparedness Goals.

Mr. FUGATE. But in general, our role in the grant process is really funding States for consequences. In fact, I met with the big-city emergency managers a couple of weeks ago and this was at the top of the list. They were talking about what we do during communications.

It was kind of ironic. I was there in Los Angeles, and we actually went in the fire dispatch and said, guys, what would happen if the communications went out? They said, that is our earthquake plan. We expect communications to go out in an earthquake. We get our units to go out and start patrolling the area.

If communications go down and the center can't dispatch, they know they're supposed to get out and start patrolling and get on the radios. They will actually go truck to truck and start relaying communications.

So when we get to cyber, emergency management is less about the intrusion, the detection, and dealing with that as much as what happens if it affects or disrupts critical infrastructure?

And then you are back to, we respond to power outages; we respond to communication outages. It is the consequence of that.

What cyber does that's more unique is it is more like the same thing we face with illnesses. It is rarely going to be just geographically specific. It may be occurring in multiple States simultaneously, so mutual aid may not be available. But it is a reference point for emergency managers to get their head wrapped around it that our primary responsibilities are going to be dealing with the consequences if the disruptions occur while we work with the DHS and National Cybersecurity and Communications Integration Center (NCCIC) and others over the threat, the intrusion, the detection.

Part of what we have to do at FEMA is make sure our systems are resilient, that we are not vulnerable to that, and that we can operate in a cyber event and understand that it could be degrading communications and other tools that we would assume would be available. What happens if they're not?

So we do some pretty extreme planning of what if you cannot use the public switch network to communicate? How do we communicate with the 50 States? So we push the extreme in the cyber event, because we are not dealing with the event itself. We are going to be dealing with the consequences and trying to maintain response and capabilities to deal with that as other people deal with the actual event itself.

Senator SHAHEEN. Thank you.
Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator HOEVEN. This will conclude our hearing today.

Thank you, Administrator, for being here. We look forward to continuing to work with you.

Senator HOEVEN. The hearing record will remain open for 2 weeks from today. Senators may submit written questions for the record, and we ask that FEMA respond in a timely manner.

[The following questions were not asked at the hearing, but were submitted to the Department subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR BILL CASSIDY

NFIP POLICY SURCHARGES

Question. Administrator Fugate, The Homeowner Flood Insurance Affordability Act (HFIAA) stipulates that a \$250 surcharge is to be applied to non-primary residences and non-residential properties. According to the law, a \$25 surcharge is to be assessed to policies covering an individual's primary residence. In several instances, my constituents are receiving vague or misleading information from various insurance companies participating in the Write Your Own (WYO) Program that stipulate a \$250 surcharge upon renewal versus a \$25 surcharge.

The vague information informs homeowners of the assessment of a \$250 surcharge, even if the policy is covering a primary residence. Upon contacting their WYO carrier, my constituents have been informed that the \$250 surcharge would be automatically assessed to their policy based upon guidance by FEMA until the homeowner proves the home is his/her primary residence. Furthermore, the homeowner has a 30-day window to verify primary residency.

What protocol is FEMA following to inform primary residential homeowners of assessed surcharges and their requirement to take action to avoid the assessment of \$250?

Answer. At the time of the enactment of Biggert-Waters, FEMA had never required insurers to collect data indicating whether a property is a primary residence. After Biggert-Waters, FEMA required insurers to collect this information only for policies impacted by subsidy removal.

Biggert-Waters required that subsidized policies covering non-primary residences should have the subsidy phased out through 25 percent annual rate increases. Thus, at the time of the enactment of the Homeowners Flood Insurance Affordability Act of 2014, FEMA did not have primary residence information for all non-subsidized policies. Because this information has not been collected on all policies, FEMA does not currently have statistics regarding the ratio of primary residence to non-primary residence policies. We do know that about 8 percent of NFIP policies cover non-residential buildings, including businesses.

In order to charge the appropriate amount, FEMA developed a procedure of requesting primary residence status at the time of applications written after April 1, 2015. For existing business renewing on or after April 1, 2015, insurers are required to send a request for policyholders to indicate their status as primary or non-primary residence. By April of 2016, we will have identified primary residences for all NFIP policies.

The request for residency status must be mailed by the insurer at least 90 days prior to policy expiration so that a policyholder receives it before the first renewal notice is mailed (at 45 days prior to expiration). The request states that the insured may sign and return a form to indicate their status as a primary residence. For those who do not wish to sign the form, a list of alternate documentation is provided (such as a driver's license). The documentation is the same type of documentation accepted by FEMA's Individual Assistance programs or the Internal Revenue Service. Policyholders are advised to respond within 30 days of the request to avoid being charged the \$250 surcharge in their first renewal offer. Insurers are instructed to correct the surcharge upon receipt of the documentation, even if the documentation is submitted after the renewal payment is made.

In general, the response rate to the initial request for primary residence status is low. The information is generally being provided after the first bill has been generated. FEMA has validated with insurers that the request for status is being made 90 days prior to renewal. FEMA did identify isolated instances of failure to mail some of the earliest letters, but no wide-spread systemic problem with generation of this letter has been identified. Those policyholders impacted in the isolated instances identified have been contacted by their insurer or agent to ensure that the surcharge is corrected, if necessary. FEMA continues to develop additional outreach materials to assist policyholders with understanding the surcharge.

Question. What steps will FEMA take to ensure primary residential homeowners are assessed the correct surcharge of \$25?

Answer. The primary residence status can be corrected at any time during the policy year, and may result in a \$225 refund when corrected from non-primary residence to primary residence. As indicated in the previous response, FEMA has asked insurers to provide evidence that the letters are being generated 90 days prior to renewal, and has issued public guidance reiterating the minimum communication requirement. Additionally, Fact Sheets have been developed for our web sites and distributed to insurers and other stakeholders. We continue to communicate the surcharge at conferences, workshops, training sessions and meetings with various stakeholders in the NFIP.

Question. What is FEMA doing to ensure this surcharge schedule clearly is communicated through insurance companies participating in the WYO Program?

Answer. The minimum requirement is that the letter requesting primary residence status is to be sent 90 days prior to expiration. This procedure has been provided in writing and via consultation sessions with insurers, as recently as May 1, 2015. We have asked for proof of mailing from select insurers, and insurers have complied with FEMA's requests.

Question. Why has FEMA provided such a short window to verify proof of residency? Such documentation, such as a driver's license or automobile registration may not be updated within the 30 day window if the homeowner is moving into a new property from out of state.

Answer. The minimum requirement for insurers is to send the notice requesting primary residence documentation 90 days prior to the renewal effective date. Some insurers have elected to send notices earlier, but the response rates to mailings drops significantly the further the notice is separated from the renewal billing cycle. The minimum 90-day notice provides the policyholder 30 days to make a response in order to avoid erroneous billings. This 30-day window to respond is specifically aimed at trying to collect the information before the first bill is generated. The first bill must be generated at least 45 days prior to expiration. Thus, there is an unstated 15-day "cushion" to allow for contingencies. If there is no response from the policyholder to the request for residency status, FEMA has instructed insurers to assume non-primary residence status for billing until the documentation is received. Upon receipt of the documentation, the primary residence status can be cor-

rected. This correction may be made at any time during the billing cycle, or even after the renewal was paid with the non-primary residence surcharge. The correction will result in a \$225 refund when the renewal policy is corrected from non-primary residence to primary residence after the non-primary residence surcharge was already paid. The acceptable documentation is a signed form, or any one of the following:

- Driver’s license;
- Automobile registration;
- Proof of insurance for a vehicle;
- Voter’s registration;
- Documents showing where children attend school; or
- Homestead Tax Credit Form for Primary Residence.

FFRMS EXECUTIVE ORDER

Question. On February 6th, 2015 I joined Senators Thad Cochran (R–MS), David Vitter (R–LA), John Cornyn (R–TX), Johnny Isakson (R–GA), Roger Wicker (R–MS), Roy Blunt (R–MO) and John Boozman (R–AR) in sending a letter to President Obama regarding his issuance of Executive Order 13690, “Establishing a Federal Flood Risk Management Standard (FFRMS) and a process for Further Soliciting and Considering Stakeholder Input.” As I detailed in the letter I am concerned with the implementation of this Executive Order because its development was conducted with little transparency or input from the public or lawmakers.

In addition, this executive order would arbitrarily expand the definition of “floodplain” well beyond the long-accepted 100-year floodplain historical definition and there is a great deal of uncertainty over the scope of this executive order and how it would apply to a variety of Federal government programs that interact directly with the private sector on construction-related issues.

Does FEMA intend for the recent Executive Order on the Federal Flood Risk Management Standard to apply to private construction projects that need Federal permitting (i.e. Clean Water permits, Endangered Species Act permits)? If this executive order essentially requires every Federal agency to create a new definition for a floodplain this order would thus apply to all Federal activity and would also apply to private development that receives a Federal permit. I find that troublesome and disconcerting and feel that it is an expansive Federal overreach that will create confusion and conflict in the private market. Is your agency aware of all the chaos and confusion that will be caused if this executive order is implemented?

Answer. The question posed above regarding the scope of the Federal Flood Risk Management Standard (FFRMS) was also raised during the recent public comment period. Following the public comment period, FEMA and the Federal interagency community, through the Mitigation Framework Leadership Group (MitFLG) will analyze the comments received to determine edits to the draft Guidelines including clarification to scope of the Executive Order.

The MitFLG was formed in 2013 to coordinate mitigation efforts across the Federal government and to assess the effectiveness of mitigation capabilities as they are developed and deployed across the Nation. Executive Order 13690 directed FEMA to publish, on behalf of the MitFLG, Revised Guidelines for Implementing Executive Order 11988, Floodplain Management (Guidelines) for public comment, and to host public meetings with stakeholders to solicit input.

The MitFLG is committed to considering the input of the individuals and organizations that provided their perspective on the issue. The MitFLG will provide public feedback on the types of comments received and how those were considered, adjudicated, and used to inform the policy decisions.

After the Guidelines are released, each Federal agency will carefully consider how to appropriately apply the FFRMS to their programs, and agency processes may include additional opportunities for the public to provide input before making final decisions about implementing the FFRMS.

Question. Which non-government organizations or individuals that had a role in composing, editing, drafting, reviewing or developing any part of the FFRMS, the draft version of the Implementing Guidelines published in a Federal Register Notice on February 5, 2015, pursuant to EO 13690. Who were the individuals, their organizations, and were their roles in the process, including any individuals or organizations that worked through a contractual relationship with any office, agency or department of the Executive Branch?

Answer. Executive Order 13690 revises and updates Executive Order 11988 (1977) and reflects insight gained from significant experience addressing Federal floodplain management issues since that time. In working to establish a new flood risk management standard, entities across the Federal government drew on lessons learned

from recent flood events, consensus-based standards, current practices within communities, input and views from a wide range of stakeholders and experts, and decades of experience under Executive Order 11988. As detailed further below, the Standard reflects the work of the Mitigation Framework Leadership Group (MitFLG), the Hurricane Sandy Rebuilding Task Force, and the Task Force on Climate Preparedness and Resilience, among others. This process of incorporating lessons learned, input, and feedback—including from governors, mayors, and other stakeholders—remains ongoing.

The interagency Hurricane Sandy Rebuilding Task Force (created by Executive Order 13632 (December 7, 2012)) played a significant role in the reassessment of Federal flood standards in light of experience with Hurricane Sandy and lessons learned since Executive Order 11988 was issued in 1977. This Task Force was chaired by the Secretary of Housing and Urban Development, who led the effort in coordination with multiple Federal partners, as well as an advisory group composed of state, local, and tribal elected leaders. As one of its first actions, the Task Force developed a flood risk reduction standard for major Federal investment in Sandy rebuilding that took into account data on flood risk and applied that standard to all investments in Sandy-affected communities. After months of engagement by Federal partners—including with local leaders and community groups—the Task Force issued a Rebuilding Strategy, which established recommendations to help guide the Federal funding decisions related to Sandy-related rebuilding. The Task Force called for all major Sandy rebuilding projects in Sandy-affected communities using Federal funding to be elevated or otherwise flood-proofed according to this flood risk reduction standard, which was created using the best available base flood data plus one additional foot of free board. Subsequent to this pilot program, the President’s June 2013 Climate Action Plan directed agencies to take the appropriate actions to reduce risk to Federal investments, and specifically to update their flood risk reduction standards.

In response to Hurricane Sandy, the President also established the President’s State, Local, and Tribal Leaders Task Force on Climate Preparedness and Resilience in November 2013, with twenty-six governors, mayors, and local and tribal leaders serving as members. After a year-long process of receiving input from across State, local, tribal and territorial governments, private businesses, trade associations, academic organizations, civil society, and other stakeholders, the Task Force, in addition to several other recommendations, recommended to the President in November 2014:

Federal agencies should adjust their practices in and around floodplains to ensure that Federal assets will be resilient to the effects of climate change, including sea level rise, more frequent and severe storms, and increasing river flood risks, as called for in the President’s Climate Action Plan. Projects that receive Federal funding should be sited and designed with the best-available climate data and include margins of safety, such as freeboard and setbacks, to account for uncertainties and reduce costs and disruption from future hazards.

DHS issued the National Mitigation Framework (NMF), which established the Mitigation Framework Leadership Group (MitFLG) in 2013 to coordinate mitigation efforts across the Federal government and to assess the effectiveness of mitigation capabilities as they are developed and deployed across the Nation. The MitFLG was established to promote coordination of mitigation efforts across the Federal government and is responsible for assessing the effectiveness of mitigation core capabilities as they are developed and deployed across the Nation. The MitFLG includes ten state, local, tribal, and territorial members that serve as non-Federal participants. Specifically, representatives from the State of Mississippi Department of Health, Terrebonne Parish Commissioners, City of Palm Bay, FL Planning Department, City of New York City Office of Recovery and Resiliency have been members since July 2014 and representatives from the State of Georgia Environmental Finance Authority, Energy Resources Division, Tillamook County, OR and the Fond Du Lac Tribe of the Chippewa have been members since April 2015. The MitFLG facilitates information exchange, coordinates policy implementation recommendations on national-level issues, and oversees the successful implementation of the NMF.

Federal members of the MitFLG, including representatives from the Department of the Treasury, the Department of the Interior, the Department of Commerce, the Department of Defense (including the U.S. Army Corps of Engineers), the Department of Health and Human Services, the Department of Housing and Urban Development, the Department of Transportation, the Department of Energy, the Department of Homeland Security’s Federal Emergency Management Agency, the Environmental Protection Agency, the General Services Administration, the Office of Man-

agement and Budget, and the Council on Environmental Quality came together to apply lessons learned from Hurricane Sandy and other events across the country to bear more broadly through a Federal flood management standard, consistent with many of the Task Force on Climate Preparedness Force's recommendations and Resilience's recommendation and the directive of the President's Climate Action Plan directive. These members of the MitFLG worked to develop an FFRMS that reflects the best available science, lessons learned, and input and recommendations gathered from experience, feedback, government-led convening, and coordination and discussions with stakeholders on these issues.

As a result of these efforts, on January 30, 2015, the President issued Executive Order 13690, "Establishing a Federal Flood Risk Management Standard (FFRMS) and a Process for Further Soliciting and Considering Stakeholder Input."

Contractual support for facilitation and technical editing was initially provided under a FEMA contract by Clark Group LLC and their subcontractors VHB, Vanasse, Hangen, Brustlin, Inc. Subsequently, those services were assumed under a USACE contract with The Council Oak.

Question. Which Governors, mayors, and other stakeholders did FEMA solicit information from prior to the establishment of the new FFRMS?

Answer. Please see the answer to the previous question for a summary of the background of the development of the FFRMS.

Question. Please summarize the activities of the Mitigation Framework Leadership Group since its inception relating to the development of the FFRMS, including a list of Federal members. Also a list of non-Federal members, including state, local and tribal governments, private sector and non-government organizations, and please summarize their involvement in the development of the FFRMS and the dates such involvement occurred.

Answer. Please see the answer to the previous question for a summary of the background of the development of the FFRMS.

Question. Please detail the Administration's methods used in determining the costs, benefits or scientific rationale of the FFRMS prior to its issuance, and provide the results of any such analyses.

Answer. The issuance of an Executive Order does not require that a cost-benefit analysis of alternatives be completed. However, an economic analysis is typically required as agencies undertake rulemaking or significant policy development.

Each Federal agency will carefully consider how to appropriately apply this standard to their programs. In many cases, those individual agency processes of updating regulations and procedures will involve their own process of notice and comment.

When implemented, the FFRMS will reduce flood risk, increase resilience, and diminish the likelihood of future losses, thereby reducing future costs to the Federal government, state and local governments, and the private sector.

Floodplain management standards have a proven record of reducing the costs of floods on individuals, communities, the Federal Treasury, and society as a whole. The existing floodplain management standard saves the country more than \$1.6 billion annually in prevented damages. But given the challenges of the increasing number and intensity of flood events, EO 13690 seeks to create a higher standard to better protect communities, national investments and lives.

Previous studies have shown that the expense of elevating new structures during construction is low, generally adding between 0.25 to 1.5 percent to the total construction costs for each foot of added height.

Rebuilding to the FFRMS following flood damage may require additional state or local funds where programs are based on a cost-share with grantees. However, projects based on these standards have been shown to be cost-effective and provide longer-term protection against future disasters. Additionally, the Multi-hazard Mitigation Council of the National Institute of Building Sciences conducted a study on the benefits of FEMA-funded mitigation projects and concluded that they were successful and cost-effective, saving society, on the average, \$4 for every dollar spent. Put simply, studies show that although building higher and safer can be initially more costly, over time, it saves money because future storms cause less damage to properly elevated buildings.

Further, for structures built using Federal funds that require the purchase of flood insurance, the cost of building to the FFRMS can often be fully recovered in the form of decreased insurance policy payments.

Question. Did FEMA or the Administration conduct any activities to engage the public and their representatives in Congress in the development of the FFRMS prior to January 30, 2015?

Answer. Please see the answer to the second question under FFRMS EXECUTIVE ORDER for a summary of the background of the development of the FFRMS.

Question. Please provide a detailed accounting of any funds expended to support the activities of the Water Resources Council, including the source of all such funds. Identify any Executive Branch personnel, including offices, departments, and agencies, utilized to support the activities of the Water Resources Council. Also include the dates any meetings of the Water Resources Council were held, attendance at such meetings, and whether there was any public notice of any meetings.

Answer. The Water Resources Council (WRC), a group comprised of the heads of several departments and agencies, has not to date convened regarding, or been involved in, the FFRMS, issued in January of this year.

PW 7453 (LSU HSC SCHOOL OF MEDICINE—MEDICAL EDUCATION BUILDING) AND PW 9283 (LSU HSC SCHOOL OF MEDICINE—CLINICAL SCIENCE BUILDING)

Question. LSU Health Science Center in New Orleans. The LSU Health Science Center (HSC) in New Orleans continues to wait after more than 10 years for FEMA reimbursement and the completion of outstanding Project worksheets (PW) for damages incurred as a result of Hurricane Katrina. While I know FEMA has made progress on completing certain related project worksheets recently I was wondering if you could provide me with an update as to when you anticipate that FEMA will be able to reimburse LSU for the recovery work remaining to be completed at their New Orleans School of Medicine?

Current Status: On 3/3/15 FP&C submitted a \$56,950,000.00 Construction Cost Breakout (“estimate”) for recovery work remaining to be completed on the Clinical Science Research Building (PW 9283) and the Medical Education Building (PW 7453). FEMA is currently reviewing this submittal to identify work not captured in any previous grants. These facilities are part of the LSU Health Science Center School of Medicine campus in downtown New Orleans. Based on the estimate provided to FEMA on 3/3/15, FEMA expects FP&C to submit a request for a consolidated improved project along with a mitigation proposal for the LSU HSC School of Medicine. Upon receipt, FEMA is expected to evaluate the request and work to make revisions and complete the affected PWs.

Answer. FEMA has begun its review of the advanced copy; however, it is important to note FEMA cannot formally respond prior to receiving the Grantee’s concurrence with the Sub-grantee’s request.

Based on the advanced copy, FP&C’s most recent request expands the standby power generation system originally approved for the CSRB (PW 9283) and Medical Education Building (PW 7453) to include five other buildings on the School of Medicine campus: Resource Center (PW 7586), Allied Health/Nursing (PW 10309), Lions Eye Center (PW 8289), Student Residence Hall (PW 6367), and the Central Utility Plant (PW 12129). FP&C’s 8/15/13 and 3/3/15 requests did not include a revised Hazard Mitigation proposal (HMP) or Benefit Costs Analysis (BCA); FEMA is required to recalculate the previously approved HMP in order to ensure the project remains cost effective. Due to the significant increase in proposed costs and lack of a revised HMP and BCA, FEMA has elected to revisit all PWs related to the seven buildings associated with the request. Additionally, FEMA is performing a comprehensive cost reasonableness analysis of FP&C’s \$57,403,000 estimate.

FEMA has undertaken the above actions in anticipation of receiving the Grantee’s concurrence with FP&C’s 3/3/15 request. Upon receipt of Governor’s Office of Homeland Security and Emergency Preparedness (GOHSEP) concurrence, and once FEMA’s cost reasonableness analysis and review of the seven PWs associated with the Sub-grantee’s 3/3/15 submittal is complete, FEMA will identify and request any additional information required to make a complete eligibility determination. After a review of the additional information FP&C provides, FEMA will consult with GOHSEP, FP&C, and LSU HSC to reach a consensus regarding FEMA eligible repair and hazard mitigation work, as well as agreement on a reasonable cost for FEMA PA program participation.

Current Status: On 3/3/2015, FP&C submitted to the Grantee a \$57,403,000.00 Construction Cost Breakout (“estimate”) for the School of Medicine campus. The 3/3/15 submittal is currently under review with GOHSEP’s Alternate/Improved Projects team. FEMA received an advanced copy of FP&C’s request on 4/16/2015.

PWs 7453 & 9283—Obligated Funding Summary as of 5/13/15

PW	Facility	Version	Date Obligated	Obligated Funding
7453	Medical Education Building	0	08/17/06	\$623,007.00
		1	06/19/07	\$69,223.00
		2	10/09/07	\$1,972,194.00
		3	10/22/08	\$357,192.64
		4	05/27/09	-\$1,998,076.00
		5	09/30/10	\$5,192,330.36
		6	03/28/12	\$407,401.62
Subtotal:				\$6,623,272.62
9283	Clinical Sciences Building	0	11/13/06	\$335,951.10
		1	06/19/07	\$37,327.90
		2	04/04/08	\$344,837.00
		3	10/22/08	\$157,465.00
		4	06/23/09	\$0.00
		5	09/23/10	-\$80,480.00
		6	05/01/12	\$29,346,893.00
		7		\$184,888.24
Subtotal:				\$30,326,882.24
Total Obligated:				\$36,950,154.86

NATIONAL DOMESTIC PREPAREDNESS CONSORTIUM

Question. The National Domestic Preparedness Consortium is charged with training the nation's first responders. In the Administration's Budget request for fiscal year 2016, there was only a \$49 million request for the Consortium, which is a \$52 million decrease from last year's funding level. If this decrease was to go into effect what would be the impact on first responder training?

Background and/or follow-up: Each year, Congress provides the additional appropriations to fund the NDPC. The results from the NDPC are fantastic. A couple of years ago, the National Center for Biomedical Research and Training at LSU had the Boston Police sing the NDPC praises for the incredible training they received and how it prepared them for the horrible day at the Boston Marathon. The Administration each year not only does not provide the necessary funding for this program but it also wants to make this program into a competitive grant instead of building upon the investment already made in the NDPC. Please explain.

Answer. The fiscal year 2016 budget request for the National Domestic Preparedness Consortium is based on the fact that States are assuming increased responsibility for awareness level, refresher, and sustainment training that will allow our institutional partners to focus resources on more advanced, specialized training consistent with their respective expertise. More curriculum is also being delivered in train-the-trainer and web-based formats, which helps reduce costs. Unlike in previous years where we proposed to complete the NDPC as part of a competitive Training Program Grant, we are not proposing to complete NDPC funding in fiscal year 2016.

SUBCOMMITTEE RECESS

Senator HOEVEN. With that, this subcommittee stands in recess.
[Whereupon, at 5:57 p.m., Wednesday, April 22, the subcommittee was recessed, to reconvene at a time subject to the call of the Chair.]