Calendar No. 313

114TH CONGRESS *1st Session*	SENATE	REPORT 114–173

DIRECTING DOLLARS TO DISASTER RELIEF ACT OF 2015

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

TO ACCOMPANY

S. 2109

TO DIRECT THE ADMINISTRATOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY TO DEVELOP AN INTEGRATED PLAN TO REDUCE ADMINISTRATIVE COSTS UNDER THE ROBERT T. STAFFORD DISASTER RELIEF AND EMERGENCY ASSISTANCE ACT, AND FOR OTHER PURPOSES

DECEMBER 7, 2015.—Ordered to be printed

U.S. GOVERNMENT PUBLISHING OFFICE
59–010 WASHINGTON : 2015

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DIRECTING DOLLARS TO DISASTER RELIEF ACT OF 2015

DECEMBER 7, 2015.—Ordered to be printed

Mr. JOHNSON, from the Committee on Homeland Security and Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 2109]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2109) to direct the Administrator of the Federal Emergency Management Agency to develop an integrated plan to reduce administrative costs under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

CONTENTS

I. PURPOSE AND SUMMARY

S. 2109, the Directing Dollars to Disaster Relief Act of 2015, seeks to control and reduce rising administrative costs for major disasters by requiring the Administrator of the Federal Emergency Management Agency (FEMA) to develop and implement a plan to control and reduce its internal administrative costs for major disasters. To ensure the plan is effective, the bill requires FEMA to review progress toward agency established goals, and to report its findings for each fiscal year (FY) to Congress.

II. BACKGROUND AND THE NEED FOR LEGISLATION

FEMA is the primary provider of Federal assistance in response to major disasters. Through funding from the Disaster Relief Fund (DRF), FEMA administers major disaster recovery and relief funds through grant programs. From FY 2004 through FY 2013, FEMA administered $95.2 billion for 650 declared major disasters.[1]

Of the $95.2 billion spent on disaster relief between FY 2004 and FY 2013, approximately $12.7 billion was used to cover FEMA's administrative costs that support the delivery of disaster assistance.[2] Recent Government Accountability Office (GAO) reports have documented the increase of administrative costs for major disaster assistance in the last two decades. While the growth in administrative costs is in part due to the increased number of disaster declarations within the same time period, average administrative cost percentages have risen as well. From FY 1989 to FY 2011, the percentage of disaster assistance that was spent on administrative costs doubled, increasing from 9 percent to 18 percent.[3]

For its part, FEMA has recognized and initiated efforts to address the problem of rising administrative costs. In a November 2010 memo, FEMA recognized the need to control spiraling administrative costs and staffing levels.[4] The 2010 internal memo created best practices guidelines for management to follow and set broad targets for administrative cost percentages.[5] Prior to the guidelines released in the memo, FEMA had provided limited guidance to managers on how to control administrative costs.[6]

However, a September 2012 GAO report found that FEMA did not strictly adhere to the guidelines of the 2010 memo, electing instead to treat them as aspirational for mangers to use to achieve efficiency in the field.[7] While acknowledging the complexities that can affect administrative costs for disasters, GAO further found that FEMA did not create a way to track progress against the established percentage ranges.[8] Without formal goals and ways to track progress towards those targets, GAO concluded that measuring success would be difficult.[9]

Accordingly, GAO recommended that FEMA implement goals for administrative cost percentages and monitor performance to achieve these goals.[10] In response to GAO's recommendations, FEMA released a Strategic Plan in July 2014 that included setting

[1] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO–15–65, FEDERAL EMERGENCY MANAGEMENT AGENCY: OPPORTUNITIES EXIST TO STRENGTHEN OVERSIGHT OF ADMINISTRATIVE COSTS FOR MAJOR DISASTERS 12 (2014), available at *http://www.gao.gov/assets/670/667606.pdf* (hereinafter, 2014 GAO REPORT).

[2] 2014 GAO REPORT at 8.

[3] U.S. GOV'T ACCOUNTABILITY OFFICE, GAO–12–838, FEDERAL DISASTER ASSISTANCE: IMPROVED CRITERIA NEEDED TO ASSESS A JURISDICTION'S CAPABILITY TO RESPOND AND RECOVER ON ITS OWN 41 (2012), *available at http://www.gao.gov/assets/650/648162.pdf* (hereinafter, 2012 GAO REPORT).

[4] FEDERAL EMERGENCY MANAGEMENT AGENCY, ACHIEVING EFFICIENT JFO OPERATIONS: A GUIDE FOR MANAGING STAFFING LEVELS AND ADMINISTRATIVE COSTS 1 (2010) (on file with Committee staff).

[5] *Id.* at 2.

[6] *Id.*

[7] 2012 GAO REPORT at 46.

[8] *Id.* at 47.

[9] *Id.*

[10] *Id.* at 51.

a goal of reducing annual administrative costs by five percent and using data analytics to track performance against this goal.[11]

GAO issued a follow-up report on FEMA's administrative costs for major disasters in December 2014.[12] The review determined the percentage of administrative costs had not significantly decreased since November 2010;[13] rather, it remained steady above 18 percent.[14] GAO noted that although FEMA was engaging in efforts to reduce administrative costs, including its 2014 Strategic Plan goals, the agency: "does not require [its] targets be met;"[15] "do[es] not have an integrated plan for how they will better control and reduce administrative costs for major disasters, and ha[s] not identified the office or officials accountable for overseeing administrative costs;"[16] and does not sufficiently track its costs.[17] Finally, GAO surmised that "had FEMA met its targets, administrative costs could have been reduced by hundreds of millions of dollars."[18]

The Committee continues to perform oversight of FEMA's disaster assistance programs, and remains concerned about rising administrative costs. On October 5, 2015, Committee Chairman Ron Johnson and Ranking Member Tom Carper sent a letter to FEMA Administrator Craig Fugate regarding the allocation and expenditures of funds in regard to Hurricane Sandy.[19]

GAO reports have made clear that more needs to be done to control FEMA's administrative costs. Building on those reports, this bill would require FEMA to develop and implement a plan that includes strategic goals, milestones for reaching those goals, a timetable for implementation, and clearly defined roles and responsibilities for measuring performance. Additionally, FEMA must do a cost-benefit analysis of tracking administrative cost data by specific grant programs, and clarify requirements for the Public Assistance Grant Program. Finally, the bill requires FEMA to provide an initial briefing to Congress on the plan as well as any updates on changes, and to continually review progress toward meeting its goals, including updating Congress of the same each fiscal year.

III. LEGISLATIVE HISTORY

The Directing Dollars to Disaster Relief Act of 2015, S. 2109, was introduced September 30, 2015, by Senator Ron Johnson (R–WI). The bill was referred to the Committee on Homeland Security and Governmental Affairs.

The Committee considered S. 2109 at a business meeting on October 7, 2015. During the business meeting, a substitute amendment was offered by Senator Johnson. The substitute amendment was adopted by voice vote with Senators Johnson, Portman,

[11] FEDERAL EMERGENCY MANAGEMENT AGENCY, FEMA STRATEGIC PLAN: 2014–2018 34 (2014) *available at https://www.fema.gov/media-library/assets/documents/96981.*

[12] 2014 GAO REPORT. The review was conducted at the request of then-Committee Members Senators Tom Coburn and Mark Begich, along with Congressman Michael McCaul and Congresswoman Susan Brooks.

[13] *Id.* at 22.

[14] *Id.* at 14–15.

[15] *Id.* at Highlights Page.

[16] *Id.* at 22.

[17] *Id.* at 23.

[18] *Id.* at Highlights Page.

[19] Letter from Hon. Ron Johnson, Chairman, Comm. on Homeland Security & Governmental Affairs & Hon. Tom Carper, Ranking Member. Comm. on Homeland Security & Governmental Affairs, to W. Craig Fugate, Federal Emergency Management Agency Administrator (Oct. 5, 2015) (on file with Committee Staff).

Lankford, Enzi, Ernst, Sasse, Carper, McCaskill, Baldwin, Heitkamp, and Booker present.

The Committee ordered the bill, as amended, reported favorably by voice vote *en bloc* on October 7, 2015. Senators present for the vote on the bill were Senators Johnson, Portman, Lankford, Enzi, Ernst, Sasse, Carper, McCaskill, Baldwin, Heitkamp, and Booker.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short title

This section establishes the short title of the bill as the "Directing Dollars to Disaster Relief Act of 2015."

Section 2. Definitions

This section defines the terms, "administrative cost", "Administrator", "Agency", "direct administrative cost", "hazard mitigation program", "individual assistance program", "major disaster", "mission assignment", and "public assistance program" for the purposes of this bill.

Section 3. Integrated plan for administrative cost reduction

This section requires the Administrator of FEMA to develop and implement a plan to control and reduce administrative costs for major disasters. The plan must include: the steps the Agency will take to reduce administrative costs; milestones necessary to accomplish the reduction of administrative costs; goals for the average annual percentage of administrative costs of major disasters for each FY; a timetable for implementation; and the assignment of clear roles and responsibilities for monitoring and measuring performance.

The Administrator must also compare the costs and benefits of tracking the administrative cost data for major disasters according to the different programs, and, if feasible, track the information. FEMA is also required to clarify guidance and minimum documentation requirements for a direct administrative cost claimed by a grantee or subgrantee of a public assistance grant program. FEMA must brief Congress on the plan being developed within 90 days after enactment, and if any changes are made to the plan following the briefing, FEMA must notify Congress of the changes.

Section 4. Reporting requirement

FEMA is required to submit a yearly report to Congress on the development and implementation of the integrated plan required under Section 3. These reports will also be updated three and five years later to assess the previous three-year and five-year fiscal periods, respectively. Each report must contain the total amount spent on administrative costs for the FY, and the average annual percentage of administrative costs for the FY, an assessment of the effectiveness of the plan created in Section 3, and an analysis of whether FEMA is achieving its strategic goals. The report also must outline any actions FEMA has identified as useful in improving upon and reaching its goals. Lastly, the reports must be made available to the public no later than 30 days after the date that FEMA submits the report to Congress.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the rules. The Committee agrees with the Congressional Budget Office's statement that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

NOVEMBER 23, 2015.

Hon. RON JOHNSON,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2109, the Directing Dollars to Disaster Relief Act of 2015.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Aurora Swanson.

Sincerely.

KEITH HALL.

Enclosure.

S. 2109—Directing Dollars to Disaster Relief Act of 2015

S. 2109 would require the Federal Emergency Management Agency (FEMA) to develop a plan to reduce the costs of administering programs that provide grants and technical assistance in areas affected by major disasters. Under current law, the agency is developing a plan to reduce the costs of administering disaster programs that would meet many of the requirements in the bill. Under the bill, the agency also would be required to issue annual reports evaluating the effect of the plan on administrative costs. Based on information from FEMA, CBO estimates that implementing the legislation would have an insignificant effect on the federal budget over the 2016–2020 period.

Enacting S. 2109 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. Enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

S. 2109 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Aurora Swanson. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

Because this legislation would not repeal or amend any provision of current law, it would make no changes in existing law within the meaning of clauses (a) and (b) of paragraph 12 of rule XXVI of the Standing Rules of the Senate.

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