Recommendations for Strengthening National Emergency Management Programs

The National Emergency Management Association (NEMA) represents the emergency management directors in the 50 states/territories and the District of Columbia who are responsible to their governors for all hazards emergency preparedness, mitigation, response, and recovery. NEMA is a nonprofit, nonpartisan organization.

The United States' system of emergency management is one of the most robust and professional in the world, and it has been evolving and improving continuously since its origins in the Civil Defense era. Our system works because it relies on a strong network of relationships, shared and universal values, and a dedication to work towards common goals across the full spectrum of local, state, federal, private, tribal, territorial, non-profit and even international aspects of all the threats and hazards that face our citizens and their communities.

However, the context and environment in which our system must succeed is constantly evolving and intersecting with other domains of public health, safety and security. Climate adaptation, health threats, population migration, advanced technologies, economic shifts and many other trends and drivers are all forcing the emergency management community to adjust, if not reinvent, its business practices, resource requirements, and focus areas like never before.

Even so, there remain some constant themes that NEMA cannot overemphasize as a new Administration assumes stewardship of the safety of our nation.

Mitigation, in advance, of known hazards and threats to public safety is a wise and necessary investment in the protection of the economic, environmental and social stability of the nation. It is an established fact that addressing known hazards, particularly natural hazards, through measures that will minimize the negative impact of disasters is cost effective; to ignore these hazards until a disaster occurs is folly. The federal government has often attempted to shoulder this burden alone through the Pre-Disaster Mitigation Grant Program (PDM), but this is a shared responsibility of state and local government as well. A national discussion led by the federal government will promote an awareness that to the extent significant damage is averted, recovery from inevitable disasters can be less costly and achieved more rapidly. NEMA and other concerned partners would gladly assist in this educational effort.

Preparedness is often discussed in terms of a prepared government, and that is not an error. However, the preparedness of our communities is perhaps even more important given the reality that one cannot prevent or mitigate every threat, or every hazard, either man-made or natural. Again, advance work with our communities has the added benefit of illustrating that the government cares about its citizens between election cycles. Accelerating community preparedness efforts by local, state and federal government agencies has benefits beyond the actual preparedness of citizens to sustain themselves for the recommended period of time post-disaster thereby helping to rebuild the bond of trust that our government must have with its people.

The best test of whether we have mitigated, prepared (both government and the community) and practiced response effectively is found in short and long term recovery. This too takes planning, practice and often political courage as recovery exercises reveal gaps in the resilience of communities either by virtue of the absence of legal authorities, a lack of will to address difficult relocation issues, or a lack of financial commitment by stakeholders. Although there are federal interests in most major disasters, the primary "interest" is at the local and the state level. Federal assistance has its limits, and acquiring long- term, sustained assistance is often a cumbersome and frustrating process. Improved preplanning at the local and state level to identify and utilize all of the considerable assets of the impacted community is the only way to assure that when federal assets arrive, they will be met with a functioning and well-practiced recovery team.

With these realities and the complexities they produce, NEMA and its partners invite you to engage with us in deliberate and strategic discussions of how we can, together, advance our posture of preparedness in meaningful and sustainable ways. This paper is intended to begin our discussion along eight critical areas:

1. **National Preparedness Goal and Systems**
2. **Stafford Act Recovery Programs**
3. **National Flood Insurance Reform**
4. **Emergency Management Assistance Compact**
5. **Emergency Management Performance Grant Funding**
6. **State Homeland Security Grant Reform**
7. **Mitigation**
8. **Aging Infrastructure**

1. National Preparedness Goal and Systems

Presidential Policy Directive / PPD-8: National Preparedness recognizes that preparedness is a shared responsibility. At its core, PPD-8 requires the involvement of everyone—not just the government—in a systematic effort to keep the nation safe from harm and resilient when struck by hazards, such as natural disasters, acts of terrorism and pandemics.

This policy directive calls on federal departments and agencies to work with the whole community to develop a national preparedness goal and a series of frameworks and plans related to reaching the goal.

PPD-8 is organized around six elements.

· The **National Preparedness Goal** states the ends we wish to achieve.

· The **National Preparedness System (NPS)** describes the means to achieve the goal.

· **National Planning Frameworks and Federal Interagency Operational Plans** explain the delivery and how we use what we build.

· An annual **National Preparedness Report** documents the progress made toward achieving the goal.

· An ongoing national effort to build and sustain preparedness helps us maintain momentum.

The National Preparedness System (NPS) is a practical and effective approach to building and sustaining capabilities. State and local stakeholders were consulted extensively in its development and have fully implemented into their planning efforts. As the foundation of the NPS, the Threat Hazard Identification and Risk Assessment (THIRA) process informs emergency operations planning, mutual aid agreements, and hazard mitigation planning. Key stakeholders at the state and local level have been incorporated into the THIRA process to ensure the full range of threats and hazards facing communities are addressed.

Recommendations:

- **The Administration should support and build upon the existing National Preparedness Goal and its support components as they become fully implemented by state and local governments.**
- **Engage stakeholders in future updates to ensure the National Preparedness System is reflective of and supports the whole community.**

2. Stafford Act Recovery Programs

Public Assistance (PA) Program:
The PA Program represents more than half (51%) of all FEMA grants, with an average $4.7B in assistance provided annually. Of these PA grants, 99% of the projects represent 46% ($2.2B) of the funding; while 1% of the projects are in excess of $1M and the remaining 54% ($2.5B). How the program is implemented in the field is vital to the success of the overall recovery. The PA Program is the single program that has the largest ripple effect across the nation, whereas the Individual Assistance Program ($.72B annually) garners the most headlines.[i]

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Federal disaster assistance is best spent on the individuals and communities who need it most, rather than on managing the program itself. To that end, FEMA has spent considerable time and effort to reengineer their PA Program to streamline processes, minimize bureaucracy, create greater efficiencies, and ultimately maximize the community's ability to restore normalcy in a timely manner.

Considerations of any process changes to the PA Program will require visionary leadership combined with an awareness of the impacts of large scale organizational change on personnel. Employee climate surveys show that DHS/FEMA have consistently ranked low in terms of employee morale and the last place one would want low employee dedication is where they are directly serving disaster survivors and devastated communities.

The FEMA PA Model has been implemented in several states but not yet nationally. NEMA believes there are still improvements to be made based on lessons learned and feedback from states where it's been implemented to date.

Recommendations:

- **The Administration should ensure that FEMA remains aggressive in reviewing and making continuous improvements to the structure and business practices of their recovery efforts.**
- **Improving employee morale should be a priority for FEMA as it has a direct impact on their ability to effectively work with customers, and ultimately provide the level of service and support that citizens expect and deserve when recovering from disasters.**

FEMA has published an advanced notice of proposed rulemaking for Establishing a Deductible for the Public Assistance Program. States are certainly sensitive to the growing costs of disasters. With every presidential declaration, states share in those expenditures. We also understand the directive by Congress and other federal entities to FEMA to reduce the costs of disasters, thereby alleviating demands on the federal budget. The FEMA proposal is but one option to reducing disaster costs. NEMA has established a work group that is developing alternative ideas for consideration by the new Administration and Congress. Any new concept must represent a real reduction in disaster costs – not merely shifting the financial burden to local and state jurisdictions.

State Management Costs

Currently, Grantee Management Cost funding is provided by FEMA, following the declaration of an Emergency or Major Disaster, for both the Public Assistance and Hazard Mitigation Grant Program (HMGP). The amount approved by FEMA for each is based on a percentage of the projected eligible program federal share, within a 12-month "lock-in" period. Eligible expenditures of these funds must be for administrative costs relating to the approved grant (Disaster Declaration).

The Disaster Mitigation Act of 2000 amended the Stafford Act, adding section 324 Management Costs. The interim final rule, effective November 13, 2007, eliminated the sliding scale for management costs and established a flat percentage of 3.34% and 3.9% for Public Assistance following major disaster declarations and emergency declarations, respectively, and 4.89% for HMGP. These percentages reflect a grossly lower rate than that which FEMA expends for similar actions and activities at an average 18-30%.

States have requested FEMA increase the allowed percentage and, while this is a worthy discussion, it would only meet Grantee needs on a limited basis. The larger issue is that the management cost is tied directly to the Disaster Declaration. Small declarations produce management funding insufficient to meet the administrative requirements of the Grantee, while large declarations allow management funding excess, which is sacrificed upon disaster closeout. Neither of these options aid in the Grantee's efforts to increase capability, reduce national costs, expedite disaster closeout and ultimately, establish higher disaster resiliency.

Recommendations:

- **NEMA proposes all regulations regarding the establishment of management costs and the activities eligible for their expenditure remain in place.**
- **NEMA also recommends increasing the management cost percentage to a rate that is more reflective of the cost of doing business; potentially creating a sliding scale that would reduce the rate based upon elevated costs for the declared disaster.**
- **NEMA further proposes these funds, when obligated, lose their disaster declaration identity and are eligible for use in all open declarations of PA and HMGP, as well as allowing Grantees to increase capability in each program.**
- **Lastly, given the fact that the current management cost changes have been in an interim status for nine years, NEMA recommends these proposed modifications be incorporated and documented within a final rule.**

Disaster Relief Fund (DRF):

The DRF is a no-year account that is used to fund response activities and pay for ongoing recovery programs resulting from declared major disasters, emergencies, and Fire Management Assistance Grants (FMAGs). The majority of its funding goes to pay for response to and recovery from major disasters. The DRF is a critical source of funding for state and local governments and when funding levels are inadequate, community recovery can be delayed.

Through the Budget Control Act of 2011 (BCA, P.L. 112- 25), caps were placed on discretionary spending for the next ten years, beginning with FY2012. If these caps are exceeded, the BCA provides for an automatic rescission—known as sequestration—to take place across most discretionary budget accounts to reduce the effective level of spending to the level of the cap. Additionally, special accommodations were made in the BCA to address the unpredictable nature of disaster assistance while attempting to impose discipline on the amount spent by the federal government on disasters. The BCA created an allowable adjustment specifically to cover disaster relief separate from emergency appropriations.

The limit established by the BCA on adjustments to the caps for disaster relief is based on the average funding provided for disaster relief over the previous ten years, excluding the highest and lowest annual amounts, calculated by the Office of Management and Budget (OMB). If Congress spends less than that average on disaster relief in a given fiscal year, the caps can be further adjusted upward by the unspent amount in the following year. The existence of this "allowable adjustment" for disaster relief has influenced the way that the DRF is structured, allowing a larger overall funding stream to be provided in annual appropriations without it counting against the bill's allocation of discretionary spending.

The methodology used by OMB to calculate the allowable adjustment may not capture the full range of disaster relief spending, and the structure of the formula for calculating the average provides smaller allowable adjustments in future years. The sizeable initial disaster relief expenditures for Hurricane Katrina and the other 2005 storms will begin to lose relevance in calculating the allowable adjustment for disaster assistance for FY2016, and will no longer impact calculations for the allowable adjustment in FY2017. Once FY2005 and FY2006 rotate out, there will be a corresponding drop in the allowable disaster assistance adjustment.[ii]

In addition to the drop in the allowable adjustment, there is another pending issue that impacts the DRF. Congress is considering legislation that would allow other federal agencies to utilize the disaster allowable expense cap to pay for their response activities such as wildfire suppression on federal land. This could put further stress on the amount of funding available before requiring a Congressional supplemental in the event of a major disaster which could ultimately delay community recovery efforts.

Recommendations:

- **Congress should consider changing the formula for calculating the allowable adjustment for the DRF under the Budget Control Act of 2011.**
- **Congress should provide direct funding to federal agencies to support their emergency response activities rather than allowing access to the DRF.**

3. National Flood Insurance Program (NFIP) Reform

The NFIP is in jeopardy of not being able to meet the needs of the country in recovering from floods. The program is over $23 billion in debt with no clear path towards solvency. Additionally, enrollment in the program has declined by nearly 10% over the last several years as rate changes designed to shore up the program have resulted in policy holders dropping their coverage. This makes debt settlement even more unlikely. The NFIP is up for reauthorization by Congress in 2017 and the program's insolvency must be addressed.

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Recommendations:

- **The Administration and Congress should address affordability and financial stability within the NFIP and work to subsidize mitigation and risk-reduction activities, not insurance, to promote safety and affordability.**

  – Examine the process by which Congress could forgive the current debt in the NFIP and create an automatic, long-term mechanism within the NFIP that ensures, after a certain threshold of catastrophic events, the debt will be paid by the US Treasury after consideration of the balance of the reserve fund, utilization of reinsurance, and ability of the policy base at that time to repay.

  – Identify limitations on current programs that reduce the impact of cost-saving efforts at the state and local level. For example, the Community Rating System (CRS) allows communities to achieve premium discounts for their policy holders by improving their resilience against flooding. Programs such as this must be reviewed to assure it is operating as efficiently as possible and are not limited by outdated stipulations.

- **FEMA, and other federal partners, must prioritize flood mapping and risk communication.**

  – Flood insurance mapping is woefully underfunded, untimely, and inaccurate. The funding, methodology, terminology, and technology for flood mapping must be reconsidered and revitalized in order to ensure success.

  – Appropriate investments must be made in the National Weather Service, the U.S. Geological Survey, FEMA, and other responsible agencies to ensure that we are better to understand and communicate risk to citizens.

- **Encourage participation of the private market without limiting the success of the NFIP.**

  – Ensure parity between private sector flood insurance and the NFIP.

  – FEMA's regulatory relationship with write-your-own insurance companies participating in the NFIP is governed by a number of specific rules and contractual obligations. These rules are often out of date and do not reflect the flexibility inherent in the realities of the private market and may hinder or discourage participation in the program by critical private sector partners. These requirements must be reviewed regularly to achieve maximum results.

4. Emergency Management Assistance Compact (EMAC)

Established by the states and ratified by Congress in 1996, all 50 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands have enacted EMAC legislation. Through EMAC, states are able to share resources with other states during governor-declared emergencies and disasters. Resolved upfront are key issues such as tort liability and immunity, license reciprocity, workers' compensation, and reimbursement.

State-to-state mutual aid often allows for more timely and cost effective disaster response than the use of federal resources. Further, EMAC is evolving to include virtual missions that can be carried out by personnel working in their home states rather than deploying into the disaster area. Examples of virtual EMAC missions include GIS, cyber and social media monitoring. Virtual mutual aid reduces mission costs resulting in cost savings to government.

EMAC leverages federal emergency management and homeland security grant dollars invested in state and local capabilities to conduct response and recovery operations across the nation. Because of these increased capabilities, the vast majority of disasters are handled without federal assistance and when a state does become overwhelmed, EMAC is available to provide supplemental support.

As EMAC continues to evolve, there may be additional areas where states can fill the gap in federal resources. In September 2016, the DHS Office of Inspector General identified a vacancy rate of 52% in FEMA's Disaster Reservist Force, a shortfall of 5,667 personnel. Virtually all of the positions that FEMA plans for and deploys during disasters are skills that states already have on hand and the available to deploy. Greater utilization of employees from non-impacted states could result in faster deployments and reduced costs to the federal government. Deploying states would benefit by having their employees gain valuable experience which would improve their own ability to deal with future disasters.

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Recommendations:

- **The Administration should recognize the value of EMAC and encourage the use of interstate mutual aid as an efficient and cost effective approach to disaster response, as well as a cost savings to the federal government.**
- **FEMA should fully support the annual $2M appropriation from Congress included in the FEMA budget in support of the EMAC infrastructure. Anything less than a strong endorsement of full funding for EMAC sends the wrong message to Congress as they consider spending priorities, and to states that are focusing their own limited resources on building EMAC capabilities.**
- **FEMA should enter into discussions with the states to determine the feasibility of augmenting their reservist cadre with state employees and assist in the enhancement of EMAC to support such a system.**

5. Emergency Management Performance Grant Funding (EMPG)

EMPG is a unique federal grant program. Since its inception, EMPG has required a 50/50 match by state and local governments. The program exists to build preparedness at the local, tribal, and state levels, enabling those governments to prepare for all-hazards through planning, training, exercises, and developing professional expertise. It also supports response capability, communications systems, emergency operations centers (EOCs), mutual aid agreements, and public outreach campaigns.

Fiscal year 2015 represented a range of hazards which required an unprecedented amount of emergency management professionalism and preparedness:

- **43 disasters required a presidential declaration and direct federal assistance;**
- **30,275 events required state assets, but did not reach the level of a gubernatorial declaration, and;**
- **19,415 local and tribal events were supported using EMPG funded staff or assets without state or federal support.** This number includes only those incidents in which no federal assets were utilized during the response and there was not a presidential or emergency declaration.[iii]

Without a strong and robust emergency management system at the state, local, and tribal levels, many of the 49,690 state and local responses would falter or require federal support. Capabilities afforded through EMPG allow these events to be managed without additional federal expenditures. Ensuring robust state and local emergency management programs is the best way to reduce the federal cost of disasters.

EMPG funding has remained level at $350 million since FY2014, yet emergency management is being asked to respond to a growing number of non-traditional events such as the Ebola and Zika Viruses, unaccompanied minors crossing borders, active shooter incidents, and water emergencies. Even for those events in which emergency management is not the lead agency, their expertise is still required to coordinate the various response entities.

There is a critical need for additional EMPG funding to ensure the state and local capabilities that have been built are not only sustained, but are able to grow and adapt to meet the emerging threats facing our nation.

Recommendation:

- **FEMA should work in partnership with NEMA and IAEM to educate Congress on the value of EMPG and support the need for enhanced EMPG funding for state and local governments.**

6. State Homeland Security Grant Program Reform

Homeland security grant programs have done much to help the public safety community and other professionals conduct a broad range of preparedness functions. We have more comprehensive interoperable communications systems, regional response assets, a national system of intelligence fusion centers, and an unprecedented level of collaboration and teamwork among state and local responders.

Despite progress, our current system lacks the agility to adapt swiftly or convert ideas into action. State and local governments often struggle to address the wide array of current and emerging issues confronting them when federal grant programs are inflexible and have shifting priorities from year to year. Creating greater flexibility within these grant programs would provide jurisdictions with the ability to take meaningful actions to support the threats and hazards we face as a nation.

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Recommendations:

- **Grant funding must be sustained in order to strengthen the nation's homeland security.**
- **Training and exercise requirements across federal funding streams should be in alignment and allow for cross collaboration among various disciplines.**
- **Regional collaboration should be encouraged and incentivized to support efficiency and financial sustainability.**
- **In a financial environment where costs and accountability matter, the ability to leverage limited and disparate funding streams is necessary to create greater efficiencies in the use of federal, state and local dollars.**
- **State and local governments know their jurisdictions best and need the flexibility to set priorities, design solutions, and adapt to rapidly changing conditions without unnecessary bureaucracy.**

7. Strategically Increase Investments in Mitigation

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The best way to reduce the cost of disasters is to design and harden the ***built*** environment to match the ***threat*** environment. Hazard mitigation is a demonstrably cost-effective effort with a documented return on investments. Federal spending, however, does not reflect this priority. From 2003-2013, FEMA spent $71.2 billion in Public Assistance and Individual Assistance to help communities recover from disasters. In that same time period, only $5.2 billion was spent on Hazard Mitigation Grants to reduce the impact of future events. While the HMGP program is essential as a component of recovery, mitigation efforts before the disaster can reduce the physical damage and economic impact of an event. In addition, federal investments in mitigation through the Pre-Disaster Mitigation Grant Program can encourage state and local communities to make progress in the areas of mitigation planning. These plans assure communities, large and small, are prepared for to address risk and manage the influx of grant dollars designed to help rebuild smarter and safer.

Recommendations:

- FEMA, in concert with other critical federal stakeholders, must undertake a comprehensive review of federal statutes, regulations, and policies most likely to have an impact on investments (before or after disaster), to identify programs and grants that could be amended to better incentivize risk reduction specific to infrastructure and housing.
- OMB should review and revise current calculation models to better quantify the impact of risk reduction activities and urge federal investments in mitigation be predicated on return on investment models that take future conditions and lifecycles into account.
- The Administration and Congress should fully support PDM which allows all states the opportunity to implement risk reduction measures to address their specific threats and hazards.
- In order to encourage more mitigation projects and achieve greater efficiencies for stakeholders, FEMA should reduce the bureaucracy associated with the application process. This includes standardizing the application process across the full spectrum of FEMA grants and reducing the amount of time that it takes for applications to be reviewed and approved.

8. Aging Infrastructure

There is a growing sense of urgency and concern for the fragility of critical infrastructure in the face of the growing number of catastrophic natural and human-made events. The ever changing range of threats along with the need for our infrastructures' inter-connected reliability adds to the complexity of making informed decisions that reduce risk within an environment where limited resources are subject to multiple demands and priorities. Yet, as a nation we must address an aging infrastructure that leaves communities vulnerable, has the potential to disrupt timely emergency response, and adds significant costs to long term disaster recovery. We must also recognize the complex interdependencies of our national systems, particularly the movement of goods, services, and people, which rely on a resilient infrastructure.

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Recommendation:

- **The nation must adopt a comprehensive resilience plan, harnessing both public and private resources, to re-invest in the nation's critical infrastructure.**[iv]

[i] Federal Emergency Management Agency, New PA Program Delivery Model Presentation, October 2016

[ii] https://www.fas.org/sgp/crs/misc/R42352.pdf

[iii] NEMA 2016 Biennial Report

[iv] 2016 National Homeland Security Consortium Issue Brief