



GAO

Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

April 28, 2004

The Honorable Daniel K. Akaka
Ranking Minority Member
Subcommittee on Financial Management, the Budget
and International Security
Senate Committee on Governmental Affairs
United States Senate

Subject: *Status of FEMA's FY03 Pre-Disaster Mitigation Program*

Dear Senator Akaka:

The Federal Emergency Management Agency (FEMA) provides federal disaster assistance to help those in need respond to, prepare for, and recover from disasters. As the costs for disaster assistance have risen, FEMA has made disaster mitigation a primary goal in its efforts to reduce the long-term cost of disasters and minimize risk to property and individuals from natural or man-made hazards. Previous FEMA mitigation grant programs were formula-based and provided funds both prior to and after a disaster occurred. Fiscal Year 2003, marks the first-time FEMA has implemented a grant program that awards funds for mitigation activities on a competitive basis.

You asked us to review the status of FEMA's implementation of the Fiscal Year 2003 Pre-Disaster Mitigation Program. This report presents information on (1) FEMA's processes and criteria for awarding planning and competitive pre-disaster mitigation grants to states and localities, and (2) the status of FEMA's efforts to implement the Fiscal Year 2003 Pre-Disaster Mitigation Program.

We reviewed fiscal year 2003 guidance, interviewed FEMA headquarters officials, and analyzed data regarding planning and project applications. To assess the reliability of the pre-disaster mitigation application and grant data presented in the briefing, we interviewed agency officials knowledgeable about the data and the system that produced them and reviewed existing information about the application process. We determined that the data were sufficiently reliable for the purposes of this briefing. We conducted our review from November 2003 through February 2004 in accordance with generally accepted government auditing standards.

We provided your staff with a formal briefing on March 12, 2004. This report includes the briefing slides used at the presentation and summarizes our findings and FEMA's lessons learned from the implementation of the Fiscal Year 2003 Pre-Disaster Mitigation Program to improve the program in the future.

In summary, we found the following with regard to processes and criteria for awarding planning and competitive grant awards:

- In 2003, Congress appropriated \$150 million to initiate the implementation of a competitive pre-disaster mitigation grant program. This is the first-time FEMA has implemented a competitive mitigation grant program.
- The Fiscal Year 2003 Pre-Disaster Mitigation Program included approximately \$13.7 million for noncompetitive planning grants and approximately \$131.5 million for competitive pre-disaster grants for mitigation activities and technical assistance. Each of the 55 states and territories were eligible to receive approximately \$250,000 in noncompetitive grants. FEMA awarded the competitive grants based on a ranking and evaluation process.
- FEMA assessed the applications for the competitive mitigation grants for eligibility and technical feasibility. FEMA then ranked and evaluated the applications using both quantitative and qualitative factors for selection of competitive award grants.

In summary, we found the following with regard to implementation of the Fiscal Year 2003 Pre-Disaster Mitigation Program:

- FEMA had obligated all of the \$13.7 million in noncompetitive planning grants to 54 states and territories that applied.
- FEMA received 459 competitive grant applications. Approximately 40 percent of the competitive grant applications submitted by the states, tribes, and territories did not meet eligibility and technical feasibility requirements. FEMA attributes this to the short application period.
- FEMA identified 200 applications to award competitive grants. These applications have a value of \$98.7 million and cover 37 states, 2 territories, and 6 tribes. FEMA expected to begin awarding the competitive grants mid-March 2004.
- FEMA plans to use lessons learned from the implementation of the Fiscal Year 2003 Pre-Disaster Mitigation Program to improve the program in the future. These lessons include (1) implementing a longer application period, (2) sequentially reviewing grant applications to reduce inefficient use of resources, and (3) making the e-Grant application form standard with paper applications to reduce processing time.

We met with FEMA's Risk Reduction Branch Chief for Mitigation and other FEMA officials in the Mitigation Division to discuss the facts of this report. They generally agreed with the information in the briefing and provided some clarifying comments that we incorporated as appropriate.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time, we will send copies of this report to the congressional committees and subcommittees responsible for issues related to FEMA and the Department of Homeland Security. In addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you have any questions about this briefing or need additional information, please contact me at (202) 512- 8757. Key contributors to this briefing were Chris Keisling, Kirk Kiester, and Mark Abraham.

Sincerely yours,

A handwritten signature in black ink, appearing to read "William O. Jenkins". The signature is written in a cursive style with a large, looping initial "W".

William O. Jenkins
Director, Homeland Security and Justice

Enclosure

Enclosure



Status of FEMA's FY 03 Pre-Disaster Mitigation Program

Briefing to the Staff of the Committee on Governmental Affairs
Subcommittee on Financial Management, the Budget and International
Security, U.S. Senate

March 12, 2004

1



Objectives

- What are the Federal Emergency Management Agency's (FEMA) processes and criteria for awarding planning and competitive pre-disaster mitigation grants to states and localities?
- What is the status of FEMA's efforts to implement the Fiscal Year 2003 Pre-Disaster Mitigation (PDM) program?

Scope and Methodology

- To determine the processes and criteria for awarding planning and competitive pre-disaster mitigation grants to states and localities, we reviewed fiscal year 2003 guidance and discussed the guidance with FEMA headquarters officials.
- To determine the status of FEMA's efforts to implement the fiscal year 2003 program, we reviewed and analyzed data regarding planning and project applications and awards and interviewed FEMA headquarters officials regarding the status of program implementation.

We conducted our review from November 2003 through February 2004 in accordance with generally accepted government auditing standards.



PDM Program Purpose

- The Disaster Mitigation Act of 2000 authorized a noncompetitive PDM program.
- In FY 2003, Congress appropriated \$150 million and further defined the program to explicitly require competitive grant awards.
- The PDM program provides funding to states, tribal governments, and local communities before disasters occur through mitigation planning and competitive pre-disaster mitigation planning and project grants designed to reduce risk to life and property.



Eligible noncompetitive pre-disaster mitigation planning grant activities include

- Development of state and local multi-hazard mitigation plans
- Marketing and outreach activities to better educate the public on mitigating disaster risk

Eligible competitive pre-disaster mitigation grant activities include

- Property acquisition projects
- Structural and non-structural retrofitting projects (e.g., structural elevations, storm shutters, and roof straps)
- Localized hazard control projects (e.g., culverts, retention basins, ring levees, and flood walls)
- Mitigation planning



PDM Program Funding

- \$150 million FY 03 Appropriations included:
 - \$250 thousand for state (or territory) applying for noncompetitive mitigation planning grants and;
 - \$131.5 million for competitive pre-disaster grants for mitigation activities and technical assistance.

Eligibility Requirements for Planning and Competitive Mitigation Grants

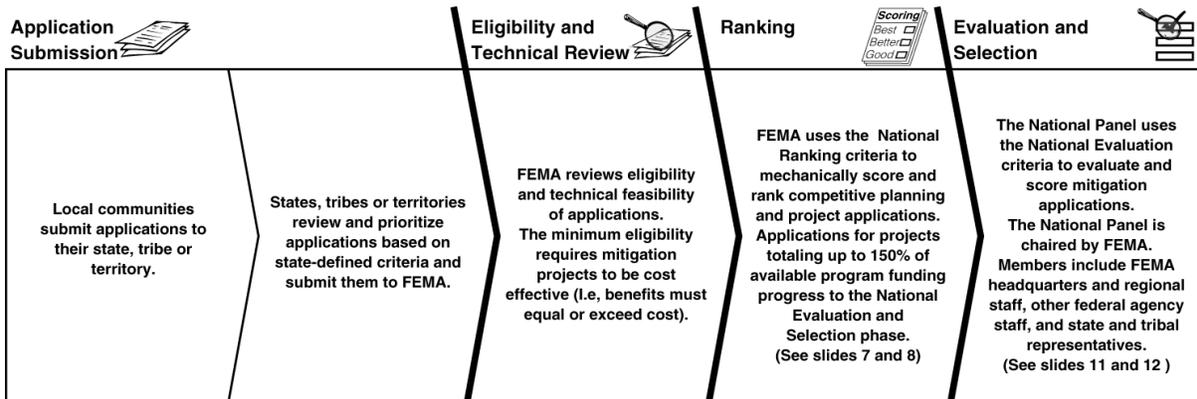
- Cost share requirement: up to 75 percent federal (up to 90 percent federal for small, impoverished communities¹)
- National Flood Insurance Program participation for communities that have been identified as having a Special Flood Hazard Area

¹Small, impoverished communities would include, for example, a community with residents having an average per capita annual income not exceeding 80 percent of national per capita income.



Processes and Criteria for Awarding PDM Grants

Competitive Grant Application Process

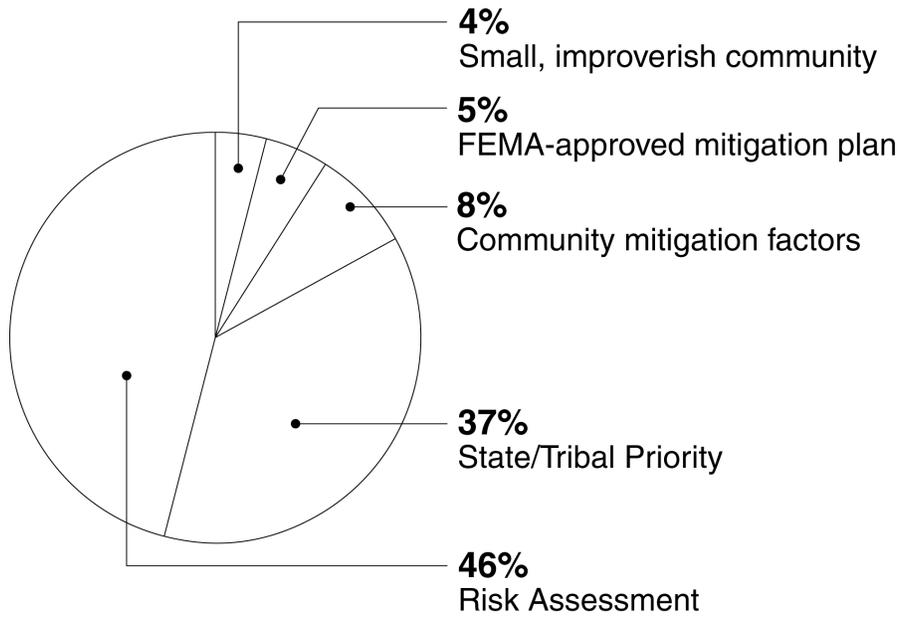


Source: GAO.



Processes and Criteria for Awarding PDM Grants (cont'd)

Criteria Used for National Ranking Score (Competitive Mitigation Planning Activities)

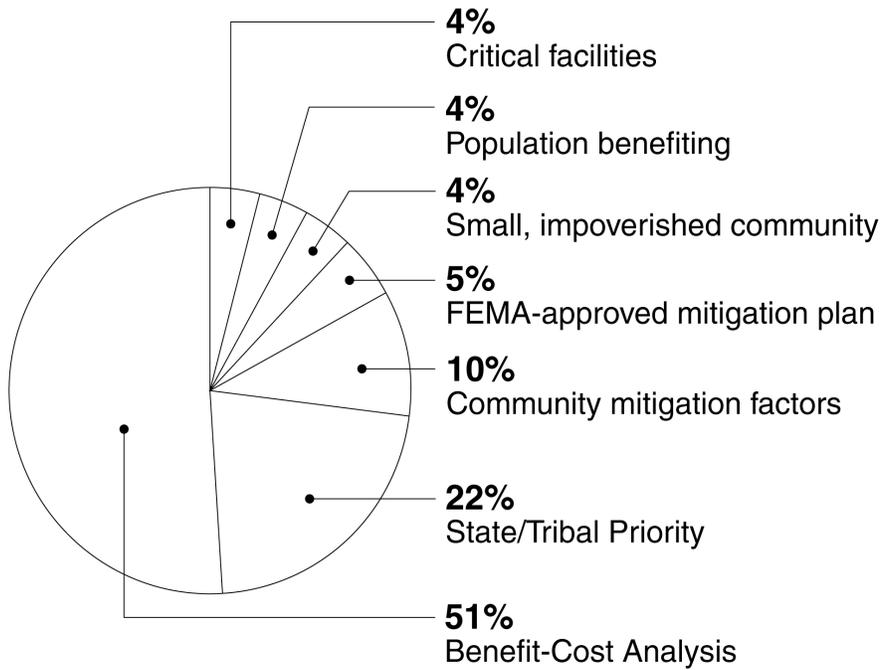


Source: FEMA.



Processes and Criteria for Awarding PDM Grants (cont'd)

Criteria Used for National Ranking Score (Competitive Mitigation Project Activities)



Source: FEMA.



Processes and Criteria for Awarding PDM Grants (cont'd)

Description of National Ranking Score Criteria

- Risk Assessment (planning only): A process in which states and localities determine (1) which hazards could affect a jurisdiction, (2) what areas are vulnerable to the hazard; (3) what structures and infrastructures will be affected; and (4) to what degree will they be affected.
- Small, impoverished community (planning and project): Would include, for example, a community with residents having an average per capita annual income not exceeding 80 percent of national per capita income.
- FEMA-approved mitigation plan (planning and project): As of November 1, 2003, FEMA-approved local mitigation plans were required to receive PDM grants for local projects. After November 1, 2004, a FEMA-approved state plan will be required to receive PDM grants for state and local projects.
- Community Mitigation Factors (planning and project): Participation in activities that reduce the community's vulnerability to hazards, such as the Community Rating System, Cooperating Technical Partner, Firewise Community and the adoption and enforcement of certain fire and building codes.
- State/Tribal Priority (planning and project): Prioritization given to application based on state/tribal defined criteria.
- Critical facilities (project only): Projects that protect facilities such as hazardous waste facilities, emergency operations center, medical care facilities and police and fire facilities.
- Benefit- Cost Analysis (project only): A quantitative procedure that assesses the desirability of a hazard mitigation project by taking a long-term view of avoided future damages compared to the cost of a project. FEMA requires that all project benefits must equal or exceed cost.
- Population Benefits (project only): The percent of the community's population benefiting from the proposed mitigation project.



Processes and Criteria for Awarding PDM Grants (cont'd)

Example of FEMA's scoring process for mitigation planning activities: Risk Assessment criteria

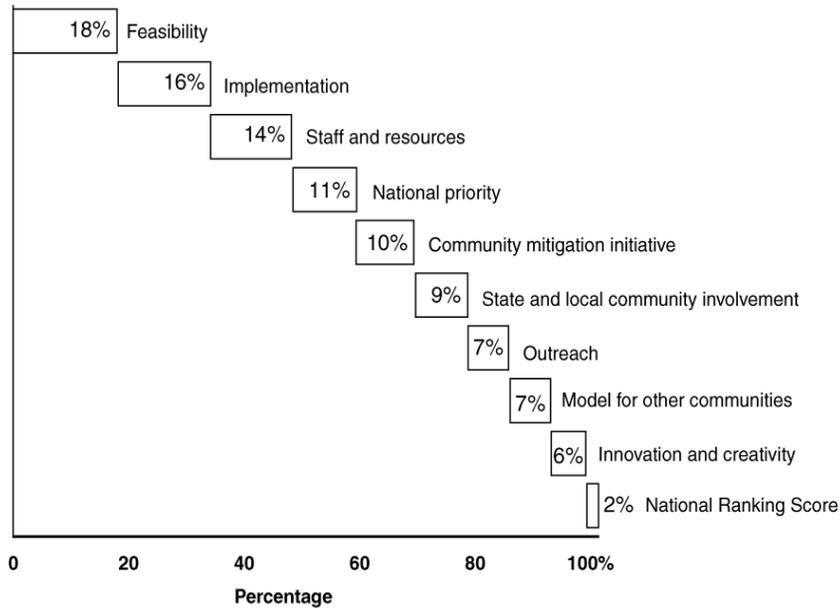
 Frequency of Hazards	High	4	7	10	10
	Moderate	4	7	7	10
	Low	1	4	7	7
	Very Low	1	1	4	4
		Minor	Serious	Extensive	Catastrophic
		 Severity of Hazards			

Source: GAO.



Processes and Criteria for Awarding PDM Grants: Evaluation

Criteria Used for National Evaluation (Competitive Mitigation Planning Activities)

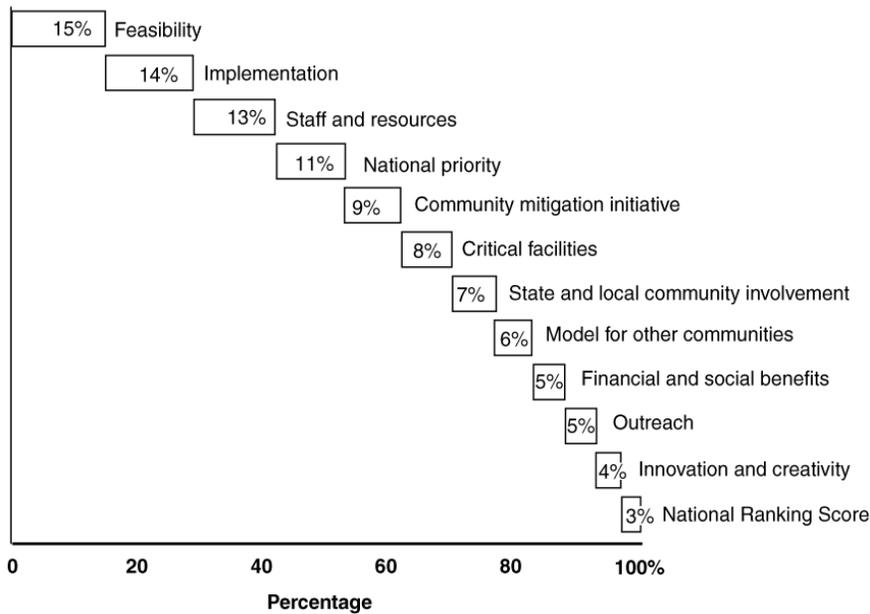


Source: FEMA.



Processes and Criteria for Awarding PDM Grants: Evaluation (cont'd)

Criteria Used for National Evaluation (Competitive Mitigation Project Activities)



Source: FEMA.



Processes and Criteria for Awarding PDM Grants: Evaluation
(cont'd)

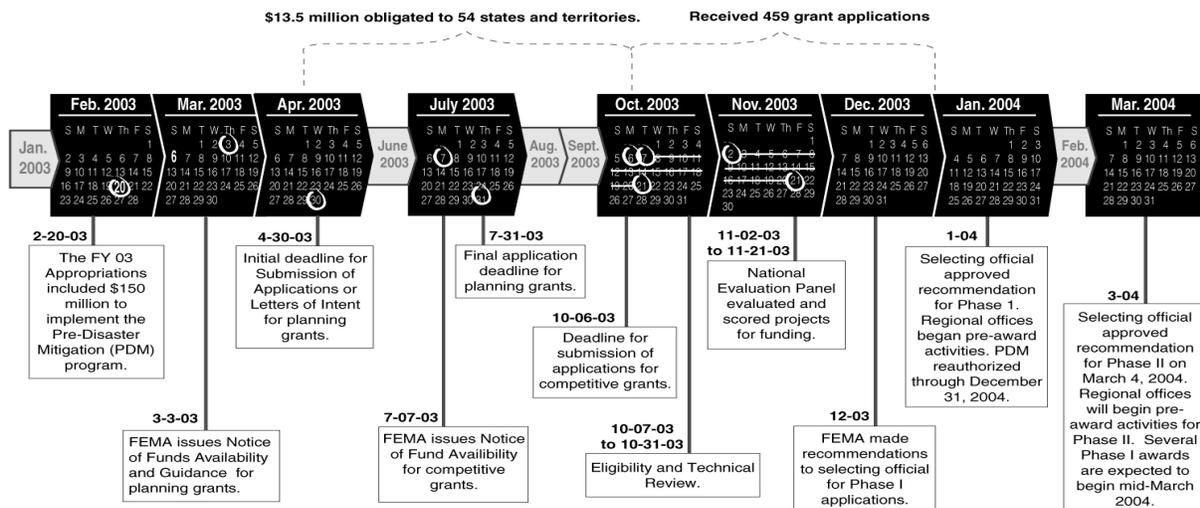
Description of National Evaluation Score Criteria

- Feasibility (planning and project): The ability of the desired mitigation objectives to be achieved.
- Implementation (planning and project): The reasonableness of the activity timelines and expectations.
- Staff and resources (planning and project): Sufficient staff and resources that are available to implement proposed mitigation activities and their ability to provide the resources.
- National Priority (planning and project): Consistency with FEMA's National priority to address NFIP repetitive flood loss properties.
- Community mitigation initiative (planning and project): Initiatives such as tax credits, waiver of building permit fees, and building codes
- State and local community involvement (planning and project): State and localities ability to leverage additional resources through partnerships.
- Outreach (planning and project): State and local efforts to market and inform the public on mitigating disaster risk.
- Model for other communities (planning and project): Intention to mentor other communities, tribes, or states.
- Innovation and creativity (planning and project): The use of innovative and creative methods to address mitigation needs.
- National Ranking Score: A score based on a quantitative set of criteria used to determine which application will proceed to the evaluation phase of the program.
- Financial and Social Benefits (project only): The degree of long-term financial and social benefits the mitigation activity offers.
- Critical facilities (project only): Projects that protect facilities such as hazardous waste facilities, emergency operations center, medical care facilities, and police and fire facilities.



Status of FEMA's Implementation of the FY03 PDM Program

Timeline of Events for the Fiscal Year 2003 PDM program

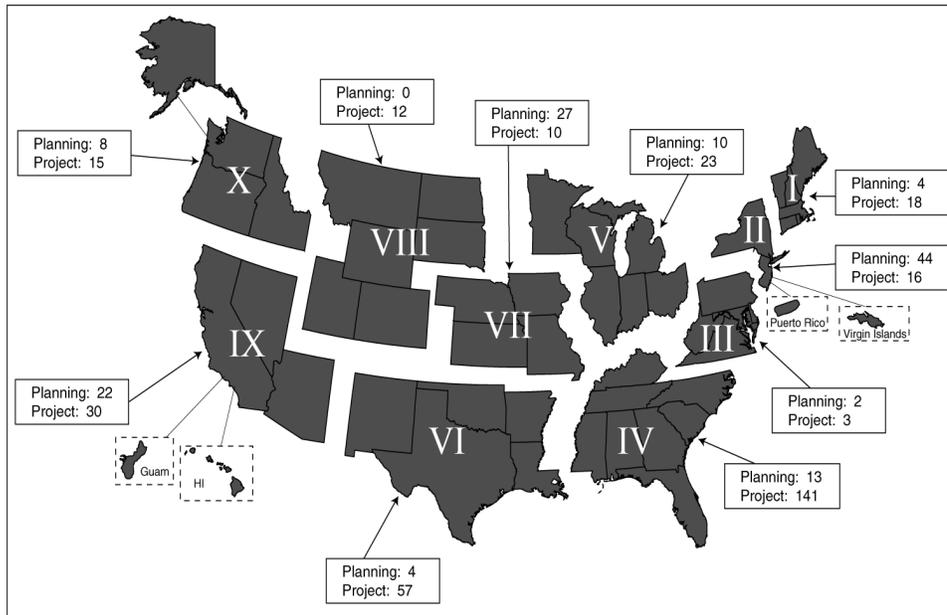


Source: GAO.



Status of FEMA's Implementation of the FY03 PDM Program (cont'd)

Number of Competitive Grants Applications Received by Region

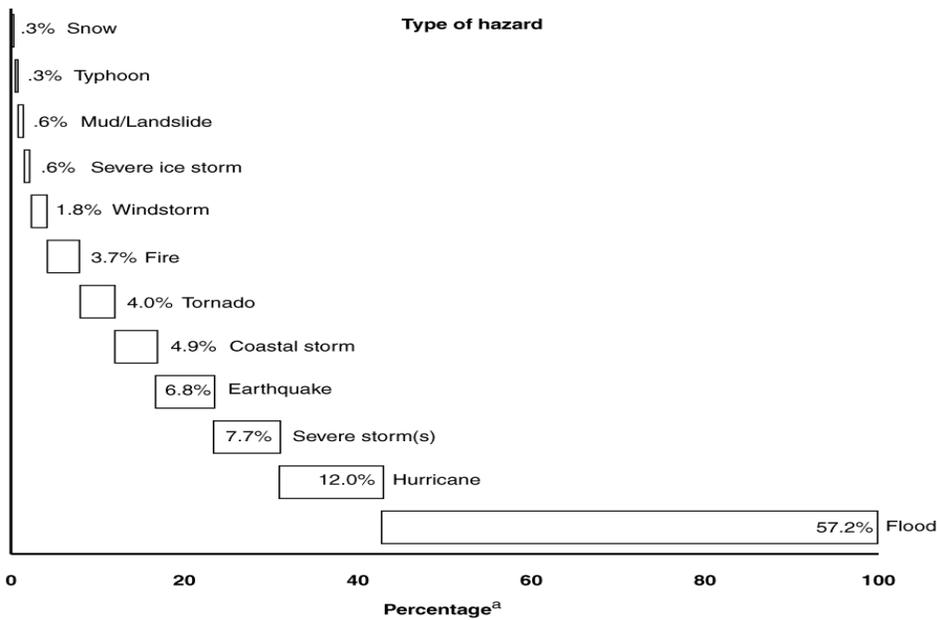


Source: FEMA.



Status of FEMA's Implementation of the FY03 PDM Program (cont'd)

Competitive Grant Applications Received According to Primary Hazard



Source: FEMA.

^aTotal does not equal 100 percent due to rounding.



Status of FEMA's Implementation of the FY03 PDM Program
(cont'd)

FEMA Awarded Noncompetitive Planning Grants to all of the 54 states and territories that applied; only one state- West Virginia-did not apply.

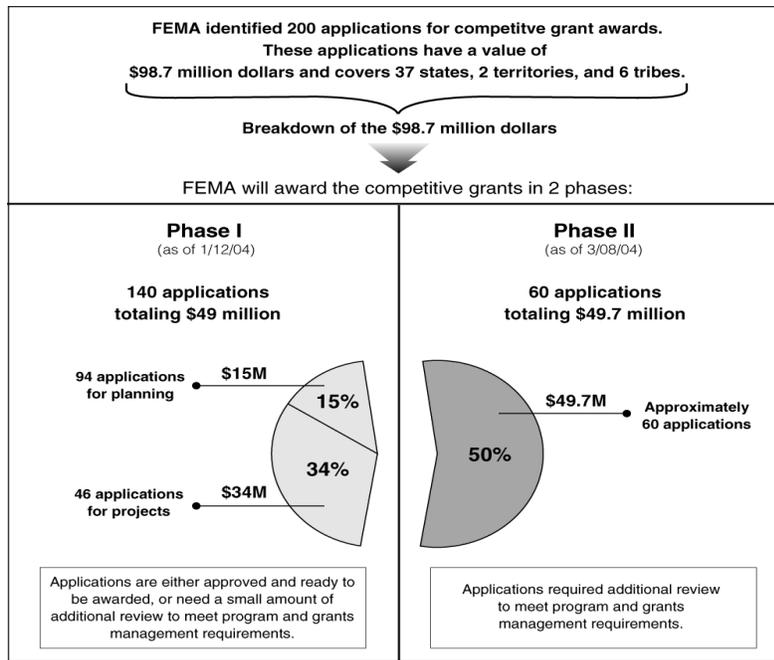
Localities in 52 out of the 55 States and Territories Have Submitted Competitive Grants Applications.

FEMA

- received 459 competitive planning and project grant applications,
- selected 271 competitive planning and project grant applications for evaluation, and
- identified 200 competitive planning and project grant applications to receive funding.



Status of FEMA's Implementation of the FY03 PDM Program (cont'd)



Source: GAO.

Note: FEMA continues to review applications, which may result in funding for a third phase. Total does not equal 100 percent due to rounding.



FEMA plans to utilize lessons learned from the implementation of the FY2003 PDM program to improve the program in the future. Approximately 40% of the competitive grant applications submitted by the states, tribes, and territories did not meet eligibility and technical feasibility requirements. FEMA attributes this primarily to the short application period for these grants. The following factors contributed to the short application period:

- FY 03 Appropriations were not finalized until February 2003.
- FEMA required more time for first year implementation to develop the program and coordinate with the Office of Management and Budget & the Department of Homeland Security to obtain their approval.

According to FEMA, the 90-day application period was not long enough for

- States and localities to understand the requirements of a new competitive program;
- Localities to prepare and submit applications;
- States and localities to make use of the new e-Grants system;
- States to review and prioritize applications; and
- States and localities to secure cost share commitments.

FEMA plans to implement a longer application period (optimally 150 – 180 days).



Additional lessons FEMA learned from the implementation of the FY 2003 PDM program to improve the program in the future include

- Concurrent eligibility and technical review was inefficient because resources were used to determine if projects were technically qualified then some qualified projects were subsequently determined to be ineligible for funding. FEMA plans to sequentially review grant applications starting with eligibility and completeness review followed by the technical review.
- Nonstandardized paper applications made the review process more time-consuming. FEMA plans to make the paper application form consistent with the e-Grant form for those states that choose to submit paper applications.

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to e-mail alerts" under the "Order GAO Products" heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
 TDD: (202) 512-2537
 Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548