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EMERGENCY MANAGEMENT

FEMA Has Made Progress since Hurricanes Katrina and Sandy, but Challenges Remain

Statement of Chris Currie, Director, Homeland Security and Justice

GAO-16-90T

GAO Highlights

Highlights of GAO-16-90T, a testimony before the Subcommittee on Emergency Preparedness, Response, and Communications, Committee on Homeland Security, House of Representatives

Why GAO Did This Study

A little more than 10 years ago, Hurricane Katrina caused an estimated $108 billion in damage, making it the largest, most destructive natural disaster in our nation's history. Following the federal response to Hurricane Katrina in 2005, Congress passed the Post-Katrina Emergency Management Reform Act of 2006 (Post-Katrina Act). The act contained over 300 provisions that are intended to enhance national preparedness, emergency response and recovery, and the management of select disaster programs. In October 2012, another catastrophic hurricane—Hurricane Sandy—caused $65 billion in damage and once again tested the nation's preparedness and emergency response and recovery functions.

GAO has issued multiple reports that discuss a wide variety of emergency management issues reflecting the federal government and FEMA's efforts to implement provisions of the Post-Katrina Act and address various aspects of emergency management.

This statement discusses GAO's work on the progress FEMA has made and challenges that it still faces in three areas: (1) national preparedness, (2) disaster response and recovery, and (3) selected FEMA management areas. This statement is based on previously issued GAO reports from 2012 to 2015.

What GAO Recommends

GAO has made numerous recommendations in its prior reports to FEMA designed to address the challenges discussed in this statement. FEMA has taken actions to address many of these recommendations.

View GAO-16-90T. For more information, contact Chris Currie at 404-679-1875, curriec@gao.gov

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What GAO Found

GAO's recent work highlights both the progress and challenges in the Federal Emergency Management Agency's (FEMA) efforts to lead national preparedness efforts, particularly efforts to assess emergency support capabilities and enhance logistics capabilities. Assessing capabilities is critical to ensure that they will be available when needed in emergencies. For example, GAO found in December 2014 that federal departments have identified emergency response capability gaps through national-level exercises and real-world incidents, but the status of agency actions to address these gaps is not collected by or reported to Department of Homeland Security or FEMA. GAO recommended that FEMA—in collaboration with other federal agencies—regularly report on the status of corrective actions. FEMA agreed with GAO's recommendation and is taking action to address it but has not established a timeframe for completion.

GAO's recent work on disaster response and recovery programs also identified progress and challenges in a number of areas. From fiscal years 2004 through 2013, FEMA obligated over $95 billion in federal disaster assistance for 650 major disasters declared during this timeframe. With the growing cost of disasters it is vital for the federal government to address its fiscal exposure and ensure that response and recovery programs are as efficient and effective as possible. For example, in December 2014, GAO found that FEMA demonstrated progress controlling for potentially fraudulent payments to individuals during Hurricane Sandy as compared to Hurricanes Katrina and Rita. However, GAO reported continued challenges, including weaknesses in validation of Social Security numbers and made recommendations to strengthen these processes. Further, in July 2015, GAO reported that states and localities affected by Hurricane Sandy were able to effectively leverage federal programs to enhance resilience during their recovery. However, states experienced continued challenges in implementing certain FEMA recovery programs, such as Public Assistance. GAO also found that there was no comprehensive, strategic approach to identifying, prioritizing, and implementing investments for disaster resilience. GAO made recommendations to address these continued challenges and FEMA is taking a range of actions to address them.

FEMA has also taken steps to strengthen a number of its management areas, but GAO reported that additional progress is needed in several areas. Specifically, In December 2014, GAO found that FEMA had taken steps to control its administrative costs—the costs of providing and managing disaster assistance—by issuing guidelines and reduction targets. However, GAO reported that FEMA does not require the targets to be met and continued to face challenges tracking the costs. Among other things, GAO recommended that FEMA develop an integrated plan to better control and reduce its administrative costs for major disasters. Further, in July 2015 GAO reported that FEMA had taken action to address various long-standing workforce management challenges, but faced multiple challenges, including implementing and managing its temporary workforces and completing strategic workforce planning efforts. FEMA agreed with GAO's recommendations and is taking action to address them.

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Chairman McSally, Ranking Member Payne, and Members of the subcommittee:

I appreciate the opportunity to testify today about efforts by the Federal Emergency Management Agency (FEMA), a component of the Department of Homeland Security (DHS), to more efficiently lead the nation's efforts to prepare for, respond to, and recover from disasters and manage aspects of its operations to support these efforts. We have reported on a broad range of issues and currently have ongoing work for this committee related to FEMA's disaster programs and operations. The anniversaries of Hurricanes Katrina and Sandy provide a valuable opportunity to assess FEMA's progress and challenges in national disaster preparedness and response and recovery efforts, as well as its management.

Hurricane Katrina in 2005 was the largest, most destructive natural disaster in our nation's history. FEMA estimated that Hurricane Katrina caused an estimated $108 billion in damages. Following the federal response to Hurricane Katrina in 2005, Congress passed the Post-Katrina Emergency Management Reform Act of 2006 (Post-Katrina Act).[1] The act enhanced FEMA's responsibilities and its autonomy within DHS and contained over 300 provisions that call for DHS or FEMA action to implement requirements or exercise authorities – or to be prepared to do so under the appropriate condition. After the Post-Katrina Act was enacted, we conducted reviews and issued multiple reports that discussed a wide variety of these emergency management issues reflecting the federal government and FEMA's efforts to implement provisions of the Post-Katrina act and improve national disaster preparedness, and response and recovery.[2] A selection of our related reports is attached to my statement. Hurricane Sandy struck the United

[1]6 U.S.C. §§ 721, 723; 42 U.S.C. § 5144. The Post-Katrina Act was enacted as Title VI of the Department of Homeland Security Appropriations Act, 2007, Pub. L. No. 109-295, 120 Stat. 1355 (2006).

[2]Two reports focused explicitly on the Post-Katrina Act; see GAO, *Actions Taken to Implement the Post-Katrina Emergency Management Reform Act of 2006*, GAO-09-59R, (Washington, D.C.: Nov. 21, 2008); and GAO, *National Preparedness: Actions Taken by FEMA to Implement Select Provisions of the Post-Katrina Emergency Management Reform Act of 2006,* GAO-14-99R: (Washington, D.C.: Nov 26, 2013).

States in October 2012, causing an estimated $65 billion in damages, once again testing FEMA and the federal government's ability to respond to catastrophic disasters.

The initial response to a disaster is the job of local government's emergency services with help from nearby municipalities, the state and volunteer agencies. In a catastrophic disaster, if the governor requests, federal resources can be mobilized through FEMA for search and rescue, electrical power, food, water, shelter and other basic human needs. The long-term recovery phase of disaster places the most severe financial strain on local or state government and damage to public facilities and infrastructure, often not insured, can overwhelm even a large city. We have recognized the rise in the number—and the increase in severity—of disasters as a key source of federal fiscal exposure.[3] Similarly, managing fiscal exposure due to climate change has been on our high risk list since 2013, in part, because of concerns about the increasing costs of disaster response and recovery efforts.[4]

My testimony today discusses progress FEMA has made and challenges that FEMA faces in three areas: 1) national preparedness, 2) disaster response and recovery, and 3) selected FEMA management areas.

This statement is based on our prior work and focuses on reports issued from September 2012 through September 2015. To conduct our prior work, we reviewed relevant presidential directives, laws, regulations, policies, and strategic plans; surveyed states; and interviewed federal, state, and industry officials, among others. More information on our scope and methodology can be found in each of the reports cited throughout this statement.

[3]The term fiscal exposure refers to the responsibilities, programs, and activities that may either legally commit the federal government to future spending or create the expectation for future spending. See GAO Fiscal Exposures: Improving Cost Recognition in the Federal Budget, GAO-14-28 (Washington, D.C.: Oct. 29, 2013). Also, see GAO's Federal Fiscal Outlook webpage: http://www.gao.gov/fiscal_outlook/federal_fiscal_outlook/overview#t=3

[4]GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015); also http://www.gao.gov/highrisk/limiting_federal_government_fiscal_exposure/why_did_study

The work upon which this testimony is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

National Preparedness

Interagency Emergency Support Capability Assessments

In December 2014, we reported on the progress the departments that coordinate federal emergency support functions (ESF)[5] have made in conducting a range of coordination, planning, and capability assessment activities.[6] For example, all 10 ESF coordinators identified at least one nonemergency activity through which they coordinate with their ESFs' primary and support agencies.[7] Further, all 10 ESF coordinators identified at least one planning document—in addition to the information contained in the NRF's ESF annexes—that they had developed for their ESFs to further define the roles, responsibilities, policies, and procedures for their ESFs' coordination and execution.

[5]Emergency Support Functions (ESFs) are federal interagency coordinating structures that group capabilities into functional areas most frequently needed in a national response. The ESFs are described in annexes to the National Response Framework (NRF), a guide to how the nation responds to disasters and emergencies of all types and describes the principles, roles and responsibilities, and coordinating structures for delivering the core capabilities required to save lives, protect property and the environment, stabilize communities, and meet basic human needs following an incident. The NRF includes various annexes, including those on ESFs.

[6]DHS issued the National Preparedness Goal in September 2011 which defines what it means to be prepared for all types of disasters and emergencies. The goal envisions a secure and resilient nation with the capabilities required to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk

[7]The following 10 ESFs included in our review: Public Works and Engineering; Energy; Public Health and Medical Services; Communications; Information and Planning; Mass Care, Emergency Assistance, Temporary Housing, and Human Services; Logistics; Search and Rescue; External Affairs; and Public Safety and Security.

We found, however, that the ESF Leadership Group and FEMA,[8] as the group's chair, had not worked with other federal departments to issue supplemental guidance detailing expectations for the minimum standards for activities and product deliverables necessary to demonstrate ESF preparedness.[9] In the absence of such guidance, we found that ESF coordinators are inconsistently carrying out their emergency response preparedness activities. We also found that, while federal departments have identified emergency response capability gaps through national-level exercises, real-world incidents, such as Hurricane Sandy and other assessments, the status of federal interagency implementation of these actions is not comprehensively collected by or reported to DHS or FEMA and, as a result, DHS's and FEMA's ability to assess and report on the nation's overall preparedness is hampered. Further, we found that FEMA's plan to lead interagency actions to identify and address capability gaps in the nation's preparedness to respond to improvised nuclear device (IND) attacks did not contain detailed program management information—such as specific timeframes, milestones, and estimated resources required to close any given capability gap—which is needed to better enable ongoing management oversight of gap closure efforts.

In our December 2014 report, we recommended that FEMA—in collaboration with other federal agencies—(1) issue supplemental guidance to ESF coordinators detailing minimum standards for activities and product deliverables necessary to demonstrate ESF preparedness, develop and (2) issue detailed program management information to better enable management oversight of the DHS IND Strategy's recommended actions, and (3) regularly report on the status of corrective actions identified through prior national-level exercises and real-world disasters. DHS concurred with our recommendations and FEMA has taken actions in response. For example, in June 2015, FEMA issued guidance for ESF coordinators that details minimum standards for activities and product deliverables necessary to demonstrate ESF preparedness. The ESF

[8]FEMA chairs the ESF Leadership Group, which is composed of the federal departments and agencies that are designated as ESF coordinators. The ESF Leadership Group exists to coordinate responsibilities, resolve interagency operational and preparedness issues, and provide planning guidance and oversight for developing interagency response plans and activities

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

Leadership Group established a set of preparedness performance metrics to guide ESF coordination, planning, and capabilities assessment efforts. The ESF Leadership Group-generated metrics set standardized performance targets and preparedness actions across the ESFs. Collectively, the metrics and reporting of these metrics should provide an opportunity to better measure preparedness efforts by assessing if ESF coordination and planning is sufficient, and whether required ESF capabilities are available for disaster response. In addition, FEMA developed a detailed program plan to provide a quantitative analysis of current work and addressing existing capability gaps linked to a project management tracking system to identify specific dates for past, present and upcoming milestones for its IND Program. We believe that FEMA's actions in these areas have fully met the intent of these two recommendations. FEMA officials also collected information on the status of National Level Exercise Corrective Actions from 2007-2014, an important step to respond to our other recommendation and we are continuing to monitor FEMA's efforts in this area, however it has not provided a timeframe for its completion.

Disaster Logistics

We recently reported in September 2015 on FEMA's progress in working with its federal partners to implement the National Response Framework (NRF) Emergency Support Function #7 (ESF 7) Logistics Annex.[10] We found that FEMA's efforts reflect leading practices for interagency collaboration and enhance ESF 7 preparedness. For example, FEMA's Logistics Management Directorate (LMD) has facilitated meetings and established interagency agreements with ESF 7 partners such as the Department of Defense and the General Services Administration, and identified needed quantities of disaster response commodities, such as food, water, and blankets. Additionally, FEMA tracks the percentage of disaster response commodities delivered by agreed-upon dates, and available through FEMA and its ESF 7 partners. Regarding FEMA's support of its state and local stakeholders, we found that FEMA could strengthen the implementation of its Logistics Capability Assessment Tool (LCAT). For example, FEMA—through LMD and its regional offices—has made progress in offering training and exercises for state and local stakeholders, developing the LCAT, and establishing an implementation

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

program to help state and local stakeholders use the tool to determine their readiness to respond to, disasters. However, we found that, while feedback from states that have used the LCAT has generally been positive, implementation of the program by FEMA's regional offices has been inconsistent; 3 of 10 regional offices no longer promote or support LCAT assessments. Further, LMD did not identify staff resources needed to implement the program, and did not develop program goals, milestones, or measures to assess the effectiveness of implementation efforts.

In our September 2015 report, we recommended that FEMA identify the LMD and regional resources needed to implement the LCAT, and establish and use goals, milestones and performance measures to report on the LCAT program implementation. DHS concurred with the recommendations and is taking actions to address them. For example, FEMA officials said they intend to work closely with regional staff to identify resources and develop a plan to monitor LCAT performance.

We also reported on the status of FEMA's development of the Logistics Supply Chain Management System (LSCMS) as part of a broader look at 22 acquisition programs at DHS, in April 2015.[11] We reported that, according to FEMA officials, LSCMS can identify when a shipment leaves a warehouse and the location of a shipment after it reaches a FEMA staging area near a disaster location. At the time of our review, LSCMS could not track partner organizations' shipments in route to a FEMA staging area, and lacked automated interfaces with its partners' information systems. We also reported that DHS leadership had not yet approved a baseline establishing the program's cost, schedule, and performance parameters. According to FEMA officials, FEMA's partners and vendors can now receive orders directly from LSCMS and manually input their shipment data directly into a vendor portal, providing FEMA with the ability to track orders and shipments from time and date of shipment to the estimated time of arrival, but not the in-transit real-time location of shipments. They also said that the program baseline was still under consideration by DHS leadership at the time of our review. In addition, DHS's Office of the Inspector General (OIG) issued a report on

[11]GAO, *Homeland Security Acquisitions: Major Program Assessments Reveal Actions Needed to Improve Accountability*, GAO-15-171SP (Washington, D.C.: Apr. 22, 2015). Since this report was focused generally on DHS's major acquisition programs, we made no recommendations specific to LSCMS.

LSCMS in September 2014.[12] The DHS OIG made 11 recommendations designed to address operational deficiencies that FEMA concurred with, such as identifying resources to ensure effective program management and developing a training program for staff. As of July 2015, FEMA officials report that 5 of the OIG's recommendations have been implemented, and the agency is taking steps to address the remaining 6 recommendations.[13]

In addition to these completed reviews of preparedness efforts, we currently have work underway for this committee assessing how FEMA's regional coordination efforts support national preparedness. Specifically, we plan to assess and report on FEMA's management of preparedness grants, implementation of the National Incident Management System, and interactions with regional advisory councils later this year.

Disaster Response and Recovery

Disaster Declarations

In September 2012, we reported on FEMA's processes for determining whether to recommend major disaster declarations.[14] We found that FEMA primarily relied on a single criterion, the per capita damage indicator, to determine whether to recommend to the President that a jurisdiction receive Public Assistance (PA) funding.[15] However, because

[12]DHS OIG, FEMA's Logistics Supply Chain Management System May Not Be Effective During a Catastrophic Disaster; OIG-14-151, Washington, D.C.: Sept. 22, 2014).

[13]GAO, *Emergency Management: FEMA Collaborates Effectively with Logistics Partners but Could Strengthen Implementation of Its Capabilities Assessment Tool*, GAO-15-781, (Washington, D.C.: Sep 10, 2015). Because of our own update on the status of LSCMS development, as well as DHS OIG's review of LSCMS, we did not include a review of LSCMS operations in the scope of our logistics report.

[14]GAO, *Federal Disaster Assistance: Improved Criteria Needed to Assess a Jurisdiction's Capability to Respond and Recover on Its Own*, GAO-12-838, (Washington, D.C.: Sep 12, 2012).

[15]The Public Assistance program provides for debris removal; emergency protective measures; and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain private nonprofit organizations that provide services otherwise performed by a government agency.

FEMA's current per capita indicator at the time of our report, set at $1 in 1986, did not reflect the rise in (1) per capita personal income since it was created in 1986 or (2) inflation from 1986 to 1999, the indicator was artificially low.[16] Further, the per capita indicator did not accurately reflect a jurisdiction's capability to respond to or recover from a disaster without federal assistance. We identified other measures of fiscal capacity, such as total taxable resources, that could be more useful in determining a jurisdiction's ability to pay for damages to public structures. We also reported that FEMA can recommend increasing the usual proportion (75 percent) of costs the federal government pays (federal share) for PA (to 90 percent) when costs get to a certain level. However, FEMA had no specific criteria for assessing requests to raise the federal share for emergency work to 100 percent, but relied on its professional judgment.

In our September 2012 report, we recommended, among other things, that FEMA develop a methodology to more accurately assess a jurisdiction's capability to respond to and recover from a disaster without federal assistance, develop criteria for 100 percent cost adjustments, and implement goals for and monitor administrative costs. FEMA concurred with the first two recommendations, but partially concurred with the third, saying it would conduct a review before taking additional action. Since that time, FEMA has submitted a report to Congress outlining various options that the agency could take to assess a jurisdiction's capability to respond to and recover from a disaster. We met with FEMA in April 2015 to discuss its report to Congress. FEMA officials told us that the agency would need to undertake the rulemaking process to implement a new methodology that provides a more comprehensive assessment of a jurisdiction's capability to respond and recover from a disaster without federal assistance. They said that they identified three potential options, which taken individually or in some combination would implement our recommendation by (1) adjusting the PA per capita indicator to better reflect current national and state specific economic conditions; (2) developing an improved methodology for considering factors in addition to the PA per capita indicator; or (3) implementing a state-specific deductible for states to qualify for PA.[17] Although FEMA initially concurred with our

[16]The indicator would have been $3.57 in 2011 had it been adjusted for increases in per capita income and $2.07 in 2012 had it been adjusted for inflation from 1986 to 1999, rather than $1.35.

[17]Department of Homeland Security, Federal Emergency Management Agency, *FEMA's Response to* GAO-12-838 *Fiscal Year 2015 Report to GAO,* (Washington, D.C., March 31, 2015.)

recommendation to develop criteria for 100 percent cost adjustments, it has concluded that it will not establish specific criteria or factors to use when evaluating requests for cost share adjustments. FEMA conducted a historical review of the circumstances that previously led to these cost share adjustments, and determined that each circumstance was unique in nature and could not be used to develop criteria or factors for future decision making. Based on FEMA's review and its clarification of the intent to use cost share adjustments during only rare catastrophic events, we agreed that their decision could lead to better stewardship of federal dollars.

Disaster Assistance Payments To Individuals

In December 2014, we reported on FEMA's progress in improving its ability to detect improper and potentially fraudulent payments. Specifically, while safeguards were generally not effective after Hurricanes Katrina and Rita, the controls FEMA implemented since then, designed to improve its capacity to verify applicants' eligibility for assistance, have improved the agency's ability to prevent improper or potentially fraudulent Individuals and Households Program (IHP) payments. We reported that as of August 2014, FEMA stated that it had provided over $1.4 billion in Hurricane Sandy assistance through its IHP—which provides financial awards for home repairs, rental assistance, and other needs—to almost 183,000 survivors. We identified $39 million or 2.7 percent of that total that was at risk of being improper or fraudulent compared to 10 to 22 percent of similar assistance provided for Hurricanes Katrina and Rita.

However in December 2014, we identified continued challenges in the agency's response to Hurricane Sandy, including weaknesses in the agency's validation of Social Security numbers, among other things.[18] Although FEMA hired contractors to inspect damaged homes to verify the identity and residency of applicants and that reported damage was a result of Hurricane Sandy, we found 2,610 recipients with potentially invalid identifying information who received $21 million of the $39 million we calculated as potentially improper or fraudulent. Our analysis included data from the Social Security Administration (SSA) that FEMA does not use, such as SSA's most-complete death records. We also found that FEMA and state governments faced challenges in obtaining the data

[18]GAO, *Hurricane Sandy: FEMA Has Improved Disaster Aid Verification but Could Act to Further Limit Improper Assistance*, GAO-15-15, (Washington, D.C.: Dec 12, 2014).

necessary to help prevent duplicative payments from overlapping sources. In addition, FEMA relied on self-reported data from applicants regarding private home insurance—a factor the agency uses in determining benefits, as federal law prohibits FEMA from providing assistance for damage covered by private insurance; however that data can be unreliable.

In our December 2014 report, we recommended, among other things, that FEMA collaborate with SSA to obtain additional data, collect data to detect duplicative assistance, and implement an approach to verify whether recipients have private insurance. FEMA concurred with the report's five recommendations and has taken actions to address them. For example, in response to our recommendations, FEMA started working with SSA to determine the feasibility and cost effectiveness of incorporating SSA's identify verification tools and full death file data into its registration process, and expects to make its determination by the end of 2015. FEMA indicated that, depending on the determination, one option would be to enter into a Computer Matching Agreement with SSA.

FEMA has also approved plans to improve the standardization, quality and accessibility of data across its own disaster assistance programs, which includes efforts to enhance data sharing with state and local partners, that should allow it to more readily identify potentially duplicative assistance. Also, after reviewing various options, FEMA has decided to add an additional question to its application to help confirm self-reported information on whether applicants have private insurance. We are reviewing these actions to determine if they reflect sufficient steps to consider our recommendations fully implemented.

Disaster Recovery and Resilience

In July 2015 we reported that during the Hurricane Sandy Recovery, five federal programs—the FEMA's Public Assistance (PA) and Hazard Mitigation Grant Program (HMGP), the Federal Transit Administration's Public Transportation Emergency Relief Program, the Department of Housing and Urban Development's Community Development Block Grant-Disaster Recovery, and the U.S. Army Corps of Engineers' Hurricane Sandy program—helped enhance disaster resilience—the ability to prepare and plan for, absorb, recover from, and more successfully adapt to disasters.[19] We found that, these programs funded a number of disaster-resilience measures, for example, acquiring and demolishing at-risk properties, elevating flood-prone structures, and erecting physical flood barriers. State and local officials from all 12 states, the District of Columbia, and New York City in the Sandy affected-region reported that they were able to effectively leverage federal programs to enhance disaster resilience, but also experienced challenges. The challenges included implementation challenges within PA and HMGP, limitations on comprehensive risk reduction approaches in a post disaster environment, and local ability and willingness to participate in mitigation activities. We found there was no comprehensive, strategic approach to identifying, prioritizing and implementing investments for disaster resilience, which increased the risk that the federal government and nonfederal partners will experience lower returns on investments or lost opportunities to strengthen key critical infrastructure and lifelines. Most federal funding for hazard mitigation is available after a disaster and there are benefits to investing in resilience post disaster. Individuals and communities affected by a disaster may be more likely to invest their own resources while recovering. However, we concluded that the emphasis on the post-disaster environment can create a reactionary and fragmented approach where disasters determine when and for what purpose the federal government invests in disaster resilience.

In our July 2015 report, we recommended that (1) FEMA assess the challenges state and local officials report and implement corrective actions as needed and (2) the Mitigation Framework Leadership Group (MitFLG) establish an investment strategy to identify, prioritize, and implement federal investments in disaster resilience.[20] DHS agreed with both recommendations. With respect to the challenges reported by state and local officials, FEMA officials said it would seek input from federal, tribal, state, and local stakeholders as part of its efforts to reengineer the

[19]GAO, *Hurricane Sandy: An Investment Strategy Could Help the Federal Government Enhance National Resilience for Future Disasters*, GAO-15-515, (Washington, D.C. Jul 30, 2015.).

[20]The Mitigation Framework Leadership Group (MitFLG) is an intergovernmental coordinating body that was created to integrate federal efforts and promote a national cultural shift that incorporates risk management and hazard mitigation in all planning, decision making, and development to the extent practicable. It was established 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.

PA program, which it believes will address many of the issues raised in the report. In addition, DHS said that FEMA, though its leadership role in the MitFLG would take action to complete an investment strategy by August 2017.

We currently have work underway for this committee assessing several of FEMA's disaster response and recovery programs. For example, we are reviewing FEMA's urban search and rescue program, incident management assistance teams, and evacuation planning, as well as national disaster assistance programs for children and special needs populations. In addition, we are reviewing DHS's national emergency communications programs and efforts to implement the National Disaster Recovery Framework.

FEMA's Management Efforts

Administrative Costs for Managing Disaster Assistance

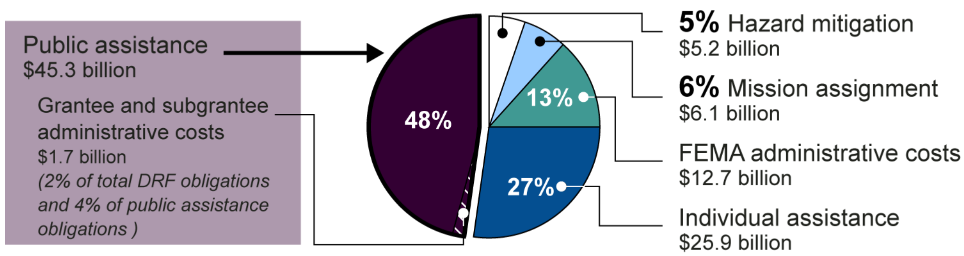
In December 2014, we reported on FEMA's progress in taking steps to reduce and better control administrative costs—the costs of providing and managing disaster assistance.[21] For example, FEMA issued guidelines intended to better control its administrative costs in November 2010.[22] In addition, FEMA recognized that administrative costs have increased and it has taken steps such as setting a goal in its recent strategic plan to lower these costs, and creating administrative cost targets. Specifically, FEMA established a goal in its Strategic Plan for 2014-2018 to reduce its average annual percentage of administrative costs, as compared with total program costs, by 5 percentage points by the end of 2018. To achieve this goal, FEMA officials developed administrative costs goals for small, medium, and large disasters, and are monitoring performance against the goals. However, FEMA does not require these targets be met, and we found that had FEMA met its targets, administrative costs could

[21]GAO, *Federal Emergency Management Agency: Opportunities Exist to Strengthen Oversight of Administrative Costs for Major Disasters*, GAO-15-65 (Washington, D.C.: Dec. 17, 2014).

[22]FEMA, *Achieving Efficient JFO Operations: A Guide for Managing Staffing Levels and Administrative Costs* (Washington, D.C.: November 2010).

have been reduced by hundreds of millions of dollars. We found that FEMA continued to face challenges in tracking and reducing these costs. FEMA's average administrative cost percentages for major disasters during the 10 fiscal years 2004 to 2013 was double the average during the 10 fiscal years 1989 to 1998.[23] Further, we found that FEMA did not track administrative costs by major disaster program, such as Individual or Public Assistance, and had not assessed the costs versus the benefits of tracking such information.

Total Disaster Relief Fund (DRF) Obligations for 650 Major Disasters Declared during Fiscal Years 2004-2013 by Federal Emergency Management Agency (FEMA) Cost Category



Source: GAO analysis of FEMA data. | GAO-16-90T

In our December 2014 report, we recommended that FEMA (1) develop an integrated plan to better control and reduce its administrative costs for major disasters, (2) assess the costs versus the benefits of tracking FEMA administrative costs by the Disaster Relief Fund program, and (3) clarify the agency's guidance and minimum documentation requirements for direct administrative costs. FEMA agreed with the report and its recommendations. As of August 2015, FEMA told us it is developing an integrated plan to control and reduce administrative costs for major disaster declarations. According to FEMA officials, their Disaster Administrative Cost Integrated Project Team has been working over the past several months to analyze FEMA's historic administrative costs, identify cost drivers, document and evaluate the delivery of disaster assistance, and set an improved framework to standardize the way FEMA does business.

[23]FEMA obligated $12.7 billion from the Disaster Relief Fund (DRF) for its administrative costs from fiscal years 2004 through 2013 that represents 13 percent of the $95.2 billion obligated from the DRF for the 650 major disasters declared during this time frame.

FEMA officials previously told us that the plan will describe the steps the agency plans take to reduce administrative costs, milestones for accomplishing the reduction, and clear roles and responsibilities, including the assignment of senior officials/offices responsible for monitoring and measuring performance. FEMA also continues to assess the costs versus the benefits of tracking administrative costs by program. According to FEMA officials, this project requires connecting multiple disparate data sources. FEMA has identified some, but not all of the data which needs to be integrated in order to be able to track administrative costs by program area. FEMA is also evaluating its direct administrative costs pilot program, which applies a standard fixed percentage towards administrative costs. According to FEMA, if successful, results from this program could inform the development of additional guidance or regulatory modification and similar approaches could be applied in future disasters. For current and other past disasters, FEMA told us it plans to provide clarifying guidance. According to FEMA, this information will be incorporated into the Public Assistance unified guidance document that is scheduled to be issued in January 2016.

Workforce Management Efforts

In July 2015, we reported on FEMA's progress in taking steps to address various long-standing workforce management challenges in completing and integrating its strategic workforce planning efforts we have identified since 2007.[24] We found that FEMA had not yet resolved these challenges and fully addressed our prior workforce-related recommendations. However, according to agency officials, they plan to do so through efforts to develop (1) a new incident workforce planning model—pending final approval—that will determine the optimal mix of workforce components to include in FEMA's disaster workforce, (2) a new Human Capital Strategic Plan that was to have been finalized in September 2015—that will help ensure it has the optimal workforce to carry out its mission, and (3) an executive-level steering committee to help ensure that these workforce planning efforts are completed and integrated. In addition, we discussed FEMA's continuing, long-standing challenges in implementing an employee credentialing system and addressing employee morale issues.

We also reported that FEMA faces challenges in implementing and managing its two new workforce components, the Surge Capacity Force

[24]GAO, *Federal Emergency Management Agency: Additional Planning and Data Collection Could Help Improve Workforce Management Efforts*, GAO-15-437 (Washington, D.C: Jul 9, 2015).

and the FEMA Corps. (The Surge Capacity Force consists of employees of DHS components who volunteer to deploy to provide support to FEMA in the event of a disaster. The FEMA Corps are temporary national service participants of the National Civilian Community Corps who complete FEMA service projects to complement its disaster-related efforts.) For example, as of January 2015, the Surge Capacity Force was at 26 percent of its staffing target of 15,400 personnel, and FEMA did not have a plan for how it will increase the number of volunteers to meet its goals. We also found that FEMA did not collect full cost information, including the costs of FEMA Corps background investigations and the costs of the salaries and benefits of Surge Capacity Force volunteers who are paid by DHS components while they are deployed. Further, we concluded that FEMA did not assess all aspects of program performance because it does not have performance measures that correspond to all program goals and that doing so would better enable FEMA to assess whether it was meeting its program goals.

In our July 2015 report, we recommended, among other things, that FEMA develop a plan to increase Surge Capacity Force volunteer recruitment and collect additional cost and performance information for its new workforce components. DHS concurred with the five recommendations in the report and identified related actions the department is taking to address them, primarily focusing on FEMA's plans to issue a new strategic workforce plan. However, FEMA has not met its September milestone for issuing the plan, but told us it expects to issue the plan on October 30, 2015.

Disaster Contracting Management

We reported in September 2015 on FEMA's progress in building and managing its contracting workforce and structure to support disasters since enactment of the Post-Katrina Act.[25] We found that the size of FEMA's contracting officer workforce at the end of fiscal year 2014 was more than triple the size of its workforce at the time of Hurricane Katrina, growing from a total of 45 contracting officers in 2005 to 163 contracting officers at the end of fiscal year 2014. FEMA's workforce increases are due in part to the creation of a headquarters staff in 2010 charged with supporting disasters, known as the Disaster Acquisition Response Team (DART). DART has gradually assumed responsibility for administering the

[25]GAO, *Disaster Contracting: FEMA Needs to Cohesively Manage Its Workforce and Fully Address Post-Katrina Reforms*, GAO-15-783, (Washington, D.C.: Sept. 29, 2015).

majority of FEMA's disaster contract spending, but FEMA does not have a process for how the team will prioritize its work when they are deployed during a busy disaster period. During this period of growth in the size of its contracting officer workforce, FEMA has struggled with attrition at times. We found this turnover in FEMA's contracting officer workforce has had particular impact on smaller regional offices which, with only one or two contracting officers, face gaps in continuity. Further, we found that FEMA's 2011 agreement that establishes headquarters and regional responsibilities in overseeing regional contracting staff poses challenges for FEMA to cohesively manage its contracting workforce. For example, regional contracting officers have a dual reporting chain to both regional supervisors and headquarters supervisors, which heightens the potential for competing interests for the regional contracting officers. Furthermore, FEMA has not updated the agreement to incorporate lessons learned since creating DART, even though the agreement states it will be revisited each year. We also found that FEMA has not fully implemented the four Post-Katrina Act contracting requirements we examined, due in part to incomplete guidance and that inconsistent contract management practices during disaster deployments—such as incomplete contract files and reviews—create oversight challenges.

In our September 2015 report, we made eight recommendations to the FEMA Administrator and one recommendation to DHS to help ensure FEMA is prepared to manage the contract administration and oversight requirements of several simultaneous large-scale disasters or a catastrophic event, to improve coordination and communication between headquarters and regional offices with respect to managing and overseeing regional contracting officers, and to improve the implementation of contracting provisions under the Post-Katrina Act. DHS concurred with our recommendations and identified steps FEMA plans to take to address them within the next year. Specifically, FEMA plans to update relevant guidance and policies related to headquarters and regional office roles and responsibilities for managing regional contracting officers and disaster contracting requirements.

We currently have work underway for this committee assessing additional FEMA management areas, including assessing FEMA's management of information technology systems that support disaster response and recovery programs. We plan to report on that work early next year.

Chairman McSally, Ranking Member Payne and members of the subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contacts and Staff Acknowledgements

If you or your staff members have any questions about this testimony, please contact me at (404) 679-1875 or curriec@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Christopher Keisling, Assistant Director; Aditi Archer, Tracey King, and David Alexander made contributions to this testimony.

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National Preparedness

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

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