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**STATEMENT FOR THE RECORD
Submitted to the House Committee on Homeland Security
Subcommittee on Emergency Preparedness, Response, and Communications
United States House of Representatives**

*Ensuring the Efficiency, Effectiveness, and Transparency of Homeland Security Grants
(Part II): Stakeholder Perspectives*

April 26, 2012

Introduction

Chairman Bilirakis, Representative Richardson, and distinguished members of the Subcommittee; thank you for the opportunity to present testimony today on behalf of the National Emergency Management Association (NEMA). NEMA represents the state emergency management directors of all 50 states, the District of Columbia, and the U.S. Territories.

Since the inception of the State Homeland Security Grant Program (SHSGP), NEMA has maintained support of these grants as critical resources to help state and local governments build and sustain capabilities to address the various threats and hazards they face. Also, the Emergency Management Performance Grant (EMPG) has long been the backbone of the emergency management system, and we continue to appreciate your support for this critical program. On March 7, NEMA released a second annual report on the return on investment in EMPG. We hope you will find the report as informative as you did last year since it helps justify the necessity of this program.

During the fiscal year 2012 budget discussions of last summer, NEMA leadership began exploring a possible new approach to the full suite of grants within the Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (DHS). Congress had repeatedly expressed the need for answers to lingering questions about the effectiveness and performance of the suite of FEMA grant programs. Therefore, we decided the time had come to develop an innovative approach to grants that goes beyond simply requesting additional funding.

The Process

The effort to develop NEMA's *Proposal for a Comprehensive Preparedness Grants Structure* began over the summer of 2011 and produced more than twenty drafts of concepts. From the beginning, we wanted to address your long-standing concerns with these programs without repeating the assumptions of the past. We also wanted to take into account current initiatives within FEMA. We assembled a group of homeland security and emergency management professionals from across the country including state emergency management directors, governors' homeland security advisors, and those with both responsibilities. An important detail to remember is that many of the authors come from a range of backgrounds including the military, emergency medicine, law enforcement, fire, and emergency management.

We were not trying to reinvent the grant programs from scratch, but rather take ten years of experience to create the next logical iteration of these programs. The NEMA membership approved this document at our annual conference in October 2011. The final product is not meant to be legislative language or grant

guidance, but rather one focusing on principles and values with a suggested concept for reorganization providing grantees increased flexibility and more comprehensive accountability to Congress.

Perhaps the least difficult aspect of the proposal to develop was the principles and values. As we have discussed our plan with others, few seem to disagree with the tenets of supporting PPD-8; building a culture of collaboration; the ability to be agile and adaptive to confront changing hazards; building and sustaining capabilities; encouraging innovation; providing full visibility to all stakeholders; and recognizing the interdependencies of our national systems. The importance of these principles and values highlight a critical point in any retrospective on homeland security grants. Regardless of our country's fiscal situation, physical security and economic security are not mutually exclusive and can be achieved with a more streamlined grant structure.

The Proposal

Under the proposal, states would be awarded three allocations from DHS including EMPG, a new homeland security cadre grant, and a project-based investment and innovation grant. These three grants would replace the myriad grants within the suite of homeland security grants as well as the Predisaster Mitigation Grant Program. The important point to remember throughout this entire discussion is that *everyone who currently receives grant funding continues to be eligible under this proposed system.*

The full four-page proposal is included with this statement to be submitted to the record, but there are five basic components:

1. **The THIRA.** Regardless of a grant reform initiative, FEMA is instituting the requirement under PPD-8 for each state to conduct and maintain a comprehensive Threat Hazard Identification Risk Assessment (THIRA) in partnership with the DHS and state officials. In our view, this process will have limited effectiveness if implemented in the current grant system due to shortcomings in the planning process. The information gathered through the THIRA, however, is paramount to supporting a comprehensive planning system.
2. **Comprehensive Planning.** Current planning efforts are fiscally-centric and focus on capabilities based on expected funding. This approach impedes the effectiveness of the THIRA process. It also limits our ability to measure progress and capabilities. NEMA proposes the follow-up action to the THIRA be a comprehensive preparedness plan which examines the full range of needs, capabilities, and requirements to help buy-down risk. As funding is allocated against long-range priorities, the delta between “need” and “capability” will become measurable over time. This analysis will aid Congress in determining how much funding is needed to buy-down the desired amount of risk and a more detailed accounting of “what we are getting for the money?”
3. **Skilled Cadre.** A skilled cadre including homeland security and emergency management personnel is imperative within any comprehensive preparedness system. Responsibilities for this cadre would include maintaining all-hazard planning efforts, remaining current with appropriate levels of training and exercises, supporting national priorities as outlined in PPD-8, conducting public education, and grants management. The cadre-based grants will also support both the comprehensive THIRA in coordination with DHS and the comprehensive preparedness strategy to assess current capabilities and determine future requirements.
4. **Investment Grants.** A majority of the funding through this new system would go toward investment grants still made through a single allocation to the state. Unlike the current system, the proposed system would be project-based. The State Administrative Agency (SAA) and local governments (as well as combinations of grantees) would apply for funding based off their completed THIRA and comprehensive preparedness strategy. These applications are reviewed by a multi-disciplinary and multi-jurisdictional advisory committee, and the SAA makes awards as

appropriate. This construct especially provides stability for jurisdictions currently operating in the Urban Area Security Initiative (UASI), ensuring a city can never again “fall off the list.” Due to their significant security issues, Tier 1 UASI’s should continue to be funded directly. This will ensure every urban area will be part of the THIRA and application process and no one is left out.

By realizing these economies of scale, several advantages are revealed:

- All current grant applicants remain eligible to receive funding including local jurisdictions, ports, modes of transportation, and urban areas.
- This new system ensures all grantees are integrated within the state and local THIRA process as well as national priorities. HSAs, SAAs, and emergency management directors have far more visibility on allocation of funds within the state and how projects and jurisdictions are working together for maximum efficiency of the taxpayer dollars.
- The comprehensive preparedness strategy demonstrates to Congress and the Administration where funding is utilized and how it is leveraged against existing gaps.
- This proposal allows the grant system to align with the new PPD-8 environment.

The President’s Budget

NEMA was pleased to see the Administration also contribute to the positive dialogue of grant reform through their fiscal year 2013 budget proposal. While we were encouraged in seeing the Administration echo many of our recommendations, as we have stated all along, a continued dialogue would be necessary.

The Administration’s grant reform proposal appears based on many of the principles and values outlined by the NEMA proposal including support of the five mission areas of PPD- 8; a culture of collaboration; agility and adaptability of the funds against threats and hazards; a strong and robust cadre of emergency management and homeland security personnel; recognition of the interdependencies of our national systems; increased accountability; and, flexibility at all levels of government. We would suggest there remain several aspects of the President’s budget proposal which requires additional clarity:

Pursuant to these principles and values, we would suggest several aspects of the President’s budget proposal require additional clarity and further analysis:

- The current planning process must be upgraded to reflect the maturation of our preparedness efforts in the past ten years. A truly comprehensive system must allow for each state and locality to determine core capabilities, set priorities in a flexible manner, and measure performance and effectiveness regardless of available federal funds.
- Those cities traditionally categorized as “Tier 1” in the Urban Area Security Initiative (UASI) program should be directly funded provided they also participate in the THIRA process and comprehensive planning process. Furthermore, a process by which other units of government such as transit and port authorities or self-organized regions of governments such as other current UASI participants can apply for funding should be outlined. Giving direct funding without any requirement to work with or support an overall state strategy, however, puts the state in an untenable position as it continues to reward geographic stovepipes and uncoordinated programs
- The THIRA process must focus on state and local governments and include consequences of loss in the analysis and provide the analytical rigor for understanding and problem solving for complex issues. The system must also include the full range of stakeholders including health, law enforcement, public works, fire, land use, transportation, and the private sector. This

includes collaboration on planning, analysis, project development, application review, and development of core capabilities.

- The Administration's definition of "regionalization" in terms of application review requires additional clarification. Such peer review is best handled at the state level and should focus on setting priorities for projects. Any national review should be on the state priorities overall and not a micro review of individual projects. Also, coordination of development of specific national capabilities such as urban search and rescue teams is necessary. NEMA addresses this issue through the recommendation of a multi-disciplinary and multi-jurisdictional committee comprised of stakeholders across the state to review all grant applications.

The review committee of statewide stakeholders is critical to the development of a governance structure which ensures all partners and grantees to maintain a voice through a project-based grants process. The committee would also be responsible for enabling the range of threats and hazards to be considered across the full spectrum of state and local activities. Such a committee promotes fairness, reduces the politicization of grants, and allows a voice for every constituency.

- Priorities and select projects for local governments, ports, and other entities, or for those entities to work with each other within each state and among the states on the highest value projects cannot be dictated by Washington. The allocation systems of the past pitted city against city and port against port with very little consideration of the complex relationships of our economic system. The NEMA proposal recognizes and values these relationships. There must be a marketplace of ideas where value is determined by collaboration between applicants rather than cutthroat competition between them with winners and losers.
- NEMA suggests only a small amount of the total grant funding be held by DHS for competitive pilot projects to spark innovation. Competition at the project level cannot be calculated by separate groups or reduced to subjective grading. Up to five percent of the funding should be utilized to support innovative projects. The remainder of the funding from the investment grant can then be devoted to project-based applications by state and local grantees. This varies from the Administration's recommendation which continues to address grant funding through stove-piped programs. By reducing layers of review that impede the flexibility of the funding, an efficient and effective flow of funding can be realized for state and local projects.

Working with you and our stakeholder partners, we remain confident a prudent approach forward can be found. Earlier this month, we submitted a letter to FEMA Assistant Administrator Elizabeth Harman outlining these differences and offering constructive solutions.

As these critical issues to the safety and security of our nation are being discussed, we hope you have been contacted by other associations and stakeholders providing innovative ideas. NEMA has been relentless in these past months working to develop a truly national approach while conducting a productive and forward-thinking dialogue. We feel strongly that the emergency management and homeland security community and representatives of all levels of government and disciplines must come together with national leaders to promote effective change and improve efficiencies in our preparedness system.

Conclusion

We greatly appreciate the opportunity to come before this Committee and begin the discussion of comprehensive grant reform in an open and honest forum. We remain confident in the process we undertook and feel the final product is a good first step toward true reform and efficiencies. This nation deserves security, but we also deserve solvency; and in these budget-constrained times, NEMA remains committed to working with you in achieving both of these goals.

Proposal for a Comprehensive Preparedness Grants Structure

December 2011

Background

This nation has made great strides in improving our safety and security. 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.

Such programs as the Emergency Management Performance Grant (EMPG) Program and the Homeland Security Grant Program (HSGP) have done much to help public safety, law enforcement, emergency management, and a myriad of other professionals conduct a broad range of preparedness functions. From our neighborhood communities through all levels of government, we have acquired resources, achieved collaboration, and built systems to mitigate, prevent, prepare for, and respond to natural hazards and terrorist threats.

The current grants structure is complex and often contradictory. This creates unintended inefficiencies in investments and duplication of efforts. The current and continuing fiscal condition of our nation requires us to invest every dollar more wisely than ever before. We want to gain efficiencies in our grants so that we can increase the effectiveness of our mission.

We cannot continue to segregate our efforts just because we did so in the past. We must integrate our efforts so that we are agile in confronting any threat to the homeland, whether it is natural, technological or human-caused. We must build strengths and capabilities that are effective against many threats, reduce the consequences of many hazards, and thus reduce the risks to our nation. We, therefore, require a comprehensive preparedness grants system to fulfill the requirements of those professionals with critical homeland security and emergency management responsibilities.

Principles & Values

This nation – its people and their vital interests – deserves and expects an effective and efficient national preparedness system providing safety and security. Therefore, this system must:

- ***Support and enable the five mission areas of Presidential Policy Directive 8 (PPD-8):*** prevention, protection, response, recovery, and mitigation.
- ***Build a culture of collaboration enabling a posture of preparedness*** for all hazards – from nature, terrorists, or technology – capable of disrupting the social and economic equilibrium of our nation.
- ***Be agile and adaptive to confront changing hazards***, emerging threats, and increasing risks.
- ***Be unified on goals, objectives, and strategy*** among federal, state, tribal, local, and territorial partners and with the private sector, non-governmental organizations, and the public at large.
- ***Build and sustain a skilled cadre across the nation*** that is well organized, rigorously trained, vigorously exercised, properly equipped, prepared for all hazards, focused on core capabilities, and resourced for both the most serious and most likely threats and hazards. This cadre will be an

asset to the nation through mutual aid, other assistance between states and regions, or for national teams.

- ***Build, enhance, and sustain*** capabilities, self-reliance of the public, and resilience of our communities and nation.
- ***Reflect the fiscal responsibilities and limitations*** of the present and the future. This nation deserves safety and security, but it also deserves solvency. A state and local grant system must enable investments in capabilities that are of value to communities, regions, states, and the nation.
- ***Continually encourage innovation*** and ceaselessly weed out waste and inefficiencies.
- ***Encourage states and communities to self-organize*** with their neighbors to protect vital supply lines and assets and infrastructure of mutual value and to enable swift, coordinated response.
- ***Recognize that states, tribes, territories, and local communities know their jurisdictions best.*** They must have flexibility to set priorities, design solutions, and adapt to rapidly changing conditions. This must be done with full accountability.
- ***Provide full visibility to states, tribes, territories, and local communities of all federal homeland security and emergency management activities,*** investments, and programs within their jurisdictions. This disclosure is essential for full understanding of capabilities to address threats, hazards, and risks.
- ***Reinforce the value of leveraging federal investments with contributions*** from states, tribes, territories, and local governments and demonstrate the day-to-day value to jurisdictions.
- ***Continue to encourage and enable wide participation in review of projects and investments.***
- ***Recognize the complex interdependencies of our national systems,*** particularly the movement of goods, services, and people. The vulnerabilities of a jurisdiction often lie outside its borders and outside its ability to address them.

Purpose

We call upon Congress and the president to consider this proposal to reform state and local grants for the safety and security of our nation. To this end, we seek to:

- Encourage states, tribes, territories, and local governments to prepare and adopt comprehensive plans based upon *their* evaluation of threats, hazards, risks, and vulnerabilities facing them;
- Outline a program of grants to states, tribes, territories, and local governments or combinations of governments improving and strengthening the nation's homeland security and emergency management capabilities; and
- Encourage research, development, competition, and innovation enhancing the effectiveness and efficiency of emergency management and homeland security and the development of new methods for the prevention, preparedness, response, recovery, and mitigation of natural disasters and acts of terrorism.

This proposal presents a system enabling greater effectiveness in the mission with greater efficiency of resources. Over the past decade states, tribes, territories, and local governments have created new organizational structures, gained invaluable experience, and increased our capacity to manage multiple threats and hazards.

The high incidence of natural disasters and terrorist threats in the United States challenges the peace, security, and general welfare of the nation and its citizens. To ensure the greater safety of the people, homeland security and emergency management efforts must work together with shared responsibilities, supporting capabilities, and measurable progress towards a national goal. This unity of effort is essential to achieve the vital objectives of PPD-8 and success of the National Preparedness System.

This proposal outlines a system in which preparedness is a deterrent, prevention is achieved through collaboration, mitigation is a national value, and response and recovery encompass the “whole of community.” But the system works only where the principles guide the plans and where ideas lead to action. This reformed grant system shares control with those on the front line, enables flexibility while strengthening accountability, and ensures fiscal sustainability. State and local governments cannot do this alone.

A Comprehensive Preparedness Grants System

A truly comprehensive preparedness grants system must allow for each state to determine core capabilities, set priorities in a flexible manner, and measure performance and effectiveness. This proposal recommends the creation or continuation of grants to coordinate planning, measure effectiveness, develop and sustain a skilled cadre, and invest in effective and efficient projects.

Planning

- Conduct and maintain within each state a comprehensive Threat Hazard Identification Risk Assessment (THIRA) in concert with Department of Homeland Security (DHS) and state officials.
- Develop a comprehensive preparedness strategy to assess current capabilities, determine future requirements, and evaluate recent progress and initiatives.
- The strategy will focus on identified gaps and contain goals and objectives to fill those gaps. The objectives will be prioritized and funds will be prioritized to fill the most important gaps accordingly. Identifying existing additional capability that is owned and maintained by other jurisdictions and readily available for response through mutual aid should be an important planning activity.

A Skilled Cadre

A skilled cadre is imperative within any comprehensive preparedness system and should be supported through a grants program. This skilled cadre includes emergency management and homeland security personnel. Since such expertise remains the backbone of any system, their responsibilities would include (but not be limited to):

- Build and support statewide emergency management and homeland security all-hazards planning.
- Provide comprehensive and appropriate levels of training and conduct exercises for state and local personnel across the full spectrum of emergency management and homeland security responsibilities.
- Support the national priorities outlined in PPD-8 and the National Preparedness Goal.
- Conduct public education and outreach to further whole of community preparedness.

Within the skilled cadre grant, the existing EMPG would continue in its present form, including allocation method, match requirement, eligibility, management, appropriate funding, and flexibility. The existing

policy continues that allows emergency management to administer EMPG if not the State Administering Agency (SAA).

A similar grant program will be established for state homeland security professionals affording the same opportunity to build and sustain a skilled cadre of personnel. This grant would be modeled after EMPG which has been proven highly effective due to the flexibility it provides along with accountability. EMPG currently maintains a 50-50 match requirement. Any match on the cadre-based grant for homeland security professionals should be instituted with a soft match option, and done so gradually over time in consultation with the states and professions involved.

Investments and Innovation

Many capabilities identified in the comprehensive planning system will require investment in longer-term projects and procurement to achieve needed levels of effectiveness. An investment grant program will enable decisions on priorities across the broad range of emergency management and homeland security functions. This also enables swift adjustments in priorities in light of changing threats or increasing risks.

Unlike the homeland security cadre-based grant in which the SAA determines the allocation of funds to state and local jurisdictions, the investment grant focuses on sub-grantee applications for projects and other investments based on similarly comprehensive planning efforts at the local or regional level. States should establish and maintain a multi-disciplinary review committee that advises on investments and projects.

Eligible applicants to the investment grant include all currently eligible grant recipients under HSGP, local governments or combinations of governments, urban areas, regions, or other state-level agencies conducting appropriate preparedness activities. States with urban areas currently classified as “Tier 1” by DHS will continue to receive funding specifically for those areas, upon completion of a comprehensive preparedness strategy that has been approved by the state. Funding that would have been allocated to other participants in the current UASI program should be placed into the investment grant.

Eligible expenditures for investment grants should encompass all functions of the currently separate programs and the priorities of PPD-8, including equipment purchase and transfer, construction of emergency operation centers or similar facilities, special response units, critical infrastructure and key resource protection, medical surge, protection and resilience, information sharing and intelligence, and grant management and administrative costs. Pre-disaster mitigation should be an eligible project under investment grants and due consideration given to disaster loss reduction and resilience initiatives. Substantial data exists to justify continued pre-disaster mitigation programs in determining any set of priorities, and the disaster mitigation community’s interests groups must be intimately engaged in the grant prioritization process. Flood mitigation assistance and repetitive loss grants are not included as they are funded through the National Flood Insurance Program by insurance proceeds paid by policy holders. Furthermore, to continue supporting a culture of innovation, up to five percent of the total investment grant award may be distributed by DHS to unique and innovative programs across the nation to encourage best practices.

An Overview of the System

- Each state conducts and maintains a comprehensive Threat Hazard Identification Risk Assessment (THIRA) in concert with Department of Homeland Security (DHS) and state officials.
- A comprehensive preparedness strategy is developed to assess current capabilities, determine future requirements, and evaluate recent progress and initiatives.

- The state is awarded three allocations from DHS, including one for EMPG, one for the new homeland security cadre grant, and one for the new investment and innovation grant.
- Applicants will apply for funds from the investment grant based upon completed preparedness strategies. Applications are reviewed by a multi-disciplinary advisory committee, and the SAA makes awards as appropriate.

Conclusion

Our nation faces enduring hazards, pervasive threats, and ever-changing risks. Our current system lacks the agility to adapt swiftly or convert ideas into action. We need the nation to unite in a common vision of national preparedness, resilience, and self-reliance. This proposal enables states, tribes, territories, and local government to leverage their own resources with the federal investment to build this vision and be accountable for achieving it. We need all levels of government, supported by all professions and disciplines, to unite in this innovative national preparedness system.