

Statement for the Record

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Before the

Committee on Transportation and Infrastructure

**Subcommittee on Emergency Economic Development, Public Buildings, and
Emergency Management**

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**“Doing Business with the Government: The Record and Goals for Small, Minority,
and Disadvantaged Business”**

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Introduction

Chairwoman Norton and Members of the Committee.

I am Al Sligh, Director of the Office of Management, at the Department of Homeland Security's (DHS), Federal Emergency Management Agency (FEMA). I appreciate the opportunity to appear before the Committee today to discuss how FEMA engages the private sector, in particular, the small, minority and disadvantaged business sector in contracting, as well as across all FEMA's critical mission areas: preparedness, prevention, protection, response, recovery and mitigation.

FEMA Administrator David Paulison is committed to building an engaged emergency management partnership that integrates a culture of preparedness in all levels of government, non-governmental organizations, and the private sector. Just as important, Administrator Paulison fully embraces the value and economy of injecting commerce back into a disaster ridden area through consistent and fluent investment with the small and disadvantaged business community, the backbone of our U.S. economy.

I would like to spend a few moments addressing FEMA's achievements in meeting its socioeconomic goals, and in addition, I would like to tell you about the new Private Sector Office established with the FEMA organization

To this end, I will highlight our achievements as well as the areas in which FEMA still needs to improve as well as our efforts to engage the private sector on the other critical fronts of our homeland security landscape. In this regard, I will address the role and function of FEMA's new Office of the Private Sector, private sector engagement in the development of the national response and preparedness policies; the value of establishing solid preparedness partnerships; and how FEMA is helping citizens and businesses become active participants in emergency management and outlets for disaster related good will offerings and volunteerism.

Contracting

Now, let me address our achievements in meeting socioeconomic goals. FEMA has a dedicated full-time Small Business Specialist whose responsibility it is to promote contracting opportunities for small businesses.

I am proud to report that FEMA has achieved exceptional results in meeting and exceeding most of its socioeconomic contracting goals. From 2006 to the present FEMA has awarded \$2.4 billion to small businesses. In FY 2006, FEMA awarded \$1.8 billion to small businesses. This amount represented approximately 27 percent of the total procurement dollars awarded. In FY 2007, FEMA awarded \$485 million to small businesses. This amount represented approximately 33 percent of the total procurement dollars awarded that FY. So far in FY 2008, FEMA has awarded \$83 million to small

businesses. This represents approximately 29 percent of the total procurement dollars awarded so far this FY.

The attached graph provides a visual illustration of the percentages of the procurement dollars awarded in each socioeconomic business grouping for each period identified previously.

As you will note, we have yet to achieve our goal for service disabled veteran-owned small businesses. FEMA is not alone in not meeting this particular socioeconomic goal and, unfortunately it is a problem confronting many Federal Agencies. This is not offered as an excuse but as glimpse into the reality of the present contracting environment. I will describe later in my presentation all of FEMA's efforts to increase contracting opportunities for small businesses.

Competition

The first priority of FEMA during the initial phase of a major disaster is and has always been to provide relief to victims in the most efficient and effective way possible in order to save lives and property. FEMA's goal is to use competitive strategies while also providing local and socioeconomic businesses a competitive advantage whenever possible. I am also proud to report that FEMA competed 81 percent of its procurement dollars in FY 2007. FEMA went from last place within DHS for its competed dollars in FY06 to first place in FY07. FEMA is proud of this accomplishment, and we will strive to uphold our commitment to competitive contracting in FY08 and beyond.

FEMA had some pre-negotiated contracts in place before Hurricane Katrina; however, the extreme circumstances of storms like Hurricanes Katrina and Rita demonstrated that these few contingency contracts could not sufficiently meet mission requirements. As a result, many non-competitive contracts were needed in order to effectively and efficiently save lives and property. FEMA will, to the greatest extent possible, pursue competitive contracts in the future and establish pre-negotiated contracts to ensure effective and efficient response.

Due to the magnitude and length of recovery time of Hurricanes Katrina and Rita, FEMA has recognized the need for more robust, well-planned contingency contracts and a thorough understanding of the qualifications and capabilities of the private sector in areas related to the Agency's mission. Since Katrina and Rita, FEMA has worked to aggressively award pre-negotiated competitive contracts, and these were in place and ready for the 2007 hurricane season. Contract agreements were in place covering all aspects of FEMA disaster management including logistics, mitigation, individual assistance, recovery, management, and integration center support.

By having advance contracts or similar agreements in place, FEMA as well as State and local first responders are more organized and efficient. Additionally, coordination is made easier among the Federal, State and local governments, as each entity is aware of the goods and services for which FEMA has already contracted in the event of disaster. This increased coordination makes for a more effective and efficient response.

FEMA's New Private Sector Office

With the lessons learned from Hurricanes Katrina and Rita, and other major disasters in recent years, it has become clear that the vision of the new FEMA must include a dedicated private sector outreach program to build a bridge to businesses and other organizations that are not part of Federal, State, tribal, territorial, or local government. In October 2007, FEMA established a Private Sector Office to be a facilitator for private sector innovation and networking across the agency. The office works closely with DHS' Private Sector Office, Office of Infrastructure Protection, and the DHS *Ready* Campaign.

FEMA's Private Sector Office is in the process of establishing systems to support a two-way exchange with for profit and not for profit businesses, associations and other non-governmental organizations, with a focus on three primary goals:

- First, to engage the private sector (including businesses) in all aspects of emergency management – including preparedness, protection, mitigation, response, recovery and resiliency, such as through participation in exercises, engaging in catastrophic planning efforts, or supporting the transformation of our approach to logistics.
- Second, to engage established businesses and non-profit organizations to help FEMA improve its performance, capacity and capability. For example, FEMA has started implementing a loaned executive program to help improve specific key processes, such as logistics.
- And third, to leverage the private sector as a partner to increase our ability to reach and inform more businesses, nonprofits, and employees about FEMA resources and tools to help them prepare for and recover from disasters.

A sample of the Private Sector Office's efforts already underway or planned for 2008 includes:

- In-person meetings with key stakeholders to assess their needs and develop partnerships
- Participation in conferences and speaking engagements targeting both large businesses and small and independently owned businesses
- Identifying and sharing best practices in business preparedness, response and recovery
- A FEMA private sector working group representing programs and offices agency-wide, to better integrate and coordinate existing efforts
- A portal on the FEMA website which will centralize information most relevant to business and nonprofit organizations
- Working with State, tribal, territorial, and local governments and emergency management to encourage them to engage local businesses in plans, training, and exercises.

Small Business Community Outreach

It's important to give perspective on the opportunity – and challenge – involved in effectively engaging the private sector in emergency management. According to the Small Business Administration, small businesses represent 99.9 percent of the 26.8 million businesses in America, and they employ over one-half of Americans. Of these, approximately 19.5 million businesses are single proprietorships with no employees. There are more than 17,000 large businesses in 2004.

Source: Office of Advocacy estimates based on data from the U.S. Dept. of Commerce, Bureau of the Census, and U.S. Dept. of Labor, Employment and Training Administration.

Due to the magnitude and complexity of the small business community, with its varying needs, capability and capacity, coordination is a daunting challenge and requires a long-term effort. However, through effective outreach and collaboration with non-governmental organizations, business and trade associations, and local, regional and national chambers of commerce, the Department and FEMA have made significant inroads into integrating the private sector as a full partner in incident management.

The Agency is accomplishing its goal of benefiting these businesses through numerous initiatives, including:

- Participating in outreach forums to meet with the Small Business Community;
- Conducting personal meetings with interested vendors/contractors to present company capabilities and performance;
- Developing goals and acquisition strategies which are increasingly structured for maximizing the number of awards to small businesses;
- Networking with representatives of the U.S. Small Business Administration and local small business development centers;
- Participating in local, State and national conferences, seminars, and exhibits to gain access to current small business issues and interface with business and industry; and
- Enhancing the Central Contractor Registration, also referred to as “CCR” in order to capture local company information interested in debris removal and/or to support disaster response and recovery requirements, as needs arise.
- Partnering in to ensure that the private sector has continued visibility of Federal, State, local, tribal activities related to a catastrophic disasters.
- Exploring opportunities for the private sector to be represented in our national response and coordination center. Currently, we are working to establish protocols engage a private sector representative in the Joint Field Office at the site of a major disaster or emergency to assist with the economic aspects of rebuilding and to inform the leadership at the site about available private sector assets to assist in response and recovery.
- Private Sector participation in the Regional Emergency Communications Coordination Workgroup.

- Memorandum of Understanding (MOU) with Stadium Owners/Operators.
- Pilot program with InfraGard in Denver, Colorado. InfraGard is an information sharing and analysis effort serving the interests and combining the knowledge base of a wide range of members. At its most basic level, InfraGard is a partnership between the Federal Bureau of Investigation and the private sector. InfraGard is an association of businesses, academic institutions, State and local law enforcement agencies, and other participants dedicated to sharing information and intelligence to prevent hostile acts against the United States. Region one is working closely with InfraGard.
- Mutual Aid for businesses.
- Mutual Aid Training for businesses.
- Developing Pilot Website to serve as a repository for posting information about the above activities, training opportunities, business continuity, as well as referrals to founding organizations.
- Establishing a working group within FEMA for developing and integrating credentialing requirements and programs such as the FEMA First Responder Authentication Card and Common Credential projects with wider government credentialing efforts of the DHS Screening Coordination Office.

FEMA is also designated to lead the implementation of Title IX of Pub. L. 110-53 the “Implementing Recommendations of the 9/11 Commission Act of 2007.” Title IX requires the Department of Homeland Security to develop a voluntary private sector preparedness accreditation and certification program. The Secretary of Homeland Security selected the FEMA Administrator as the Designated Officer for Title IX, and program efforts are conducted in close collaboration with the DHS Offices of Infrastructure Protection and Science and Technology.

The National Response Framework and the Private Sector

Through the National Incident Management System (NIMS) and the National Response Framework (NRF), DHS/FEMA worked with industry representatives to include language in NIMS that integrates the private sector as a full partner in incident management. DHS recently made available the National Response Framework (NRF), a revision of the National Response Plan, which establishes a comprehensive, national all-hazards approach to domestic incident response. As opposed to being a Federal-centric plan, the NRF is truly a national plan and describes in detail, both in the base plan and partner guides, how the NRF starts at the local level using NIMS principles to build a unified approach.

Private Sector organizations play a key role before, during and after an incident. In many facets of incident response, the government works directly with the private sector groups. The NRF describes how the private sector interfaces with other response organizations during an incident and acknowledges the private sectors unique roles from an impacted organization to a response provider. In addition to the existing Private Sector Support Annex and Volunteer and Donations Management Support Annex, the NRF includes

supplemental material including a private sector partner guide to further detail roles and responsibilities.

Integrating the Private Sector into the National Preparedness System

On February 12, 2008, Administrator Paulison spoke at the second meeting of the newly established National Advisory Council (NAC) about outreach to the private sector. The Council includes representatives from State, local, and tribal government, and those from the private sector, all of whom provide input to FEMA in the development and revision of the national preparedness guidelines and the national preparedness system.

Administrator Paulison asked for the Council's input on building relationships with the private sector and strategies for effective public-private partnerships. To move toward this practice, the Council has formed a subcommittee that will identify and share best practices on engaging the private sector as well as address information sharing before, during and after an incident and make recommendations as to how we can encourage the private sector to participate in training and exercises at the local, State and national levels.

Catastrophic Disaster Planning

FEMA's Disaster Operations Directorate has collaborated closely with the DHS Private Sector Office, Office of Operations Coordination's Incident Management Planning Team and Office of Infrastructure Protection (OIP) to ensure that the private sector has continued visibility of Federal, State, local, tribal, and critical infrastructure coordination and activities related to responding to catastrophic disasters and overall awareness of FEMA's Catastrophic Disaster Planning Initiative. As part of the U.S. Chamber of Commerce's Business Civic Leadership Center and its Homeland Security Division's Annual Workshop, the Chamber sponsored a session on June 7-8, 2007, in conjunction with the Private Sector Office to discuss response to and recovery from a New Madrid Seismic Zone Earthquake. One of the primary topics of discussion was how the private sector develops partnerships in planning to meet the challenge of responding to such an event and integrate planning between the public and private sector. A report detailing the results of the workshop, recommendations, and how the business community can partner with Federal, State, local, and tribal governments and critical infrastructure owners will be prepared and used as we move forward with the Catastrophic Disaster Planning Initiative not only for the New Madrid Seismic Zone, but also for the Florida (Category 5 Hurricane impacting Southern Florida), and California initiatives. The Chamber workshop served as a catalyst to begin the private sector participation in these initiatives. Important components needed to make the Catastrophic Disaster Planning Initiative a success include involving the private sector and business community to the maximum extent possible; establishing solid partnerships between the public and private sectors and non-governmental agencies; and highlighting the critical role the private sector can play in providing supplemental resources and assistance in catastrophic disaster events.

Preparedness Partnerships

Citizen Corps

More than ever, we at FEMA are building stronger and more vibrant community coalitions and engaging with the private sector to ensure that they have a more prevalent role in emergency response through FEMA's Citizen Corps Program. Citizen Corps' primary mission is to bring community and government leaders together in an all-hazards emergency preparedness, planning, mitigation, response, and recovery framework. The Citizen Corps nationwide network includes more than 2,200 Citizen Corps Councils located in all 56 states and territories. Councils are encouraged to include business representation and to work with businesses to integrate business resources with community preparedness and response plans. An important priority for Councils at all levels is to educate and inform Americans in all sectors—including the private sector—about steps they can take to be prepared. The Citizen Corps program works closely with the Department of Homeland Security's Ready Campaign, making Ready Business and other Ready materials widely available. Furthermore, Citizen Corps encourages its Councils to work with local emergency management and to incorporate work continuity plans and planning in specific community context.

Citizen Corps' Partner Programs also collaborate with businesses. National Partner Programs include more than 2,600 Community Emergency Response Teams (CERT) and hundreds of Fire Corps, Medical Reserve Corps, Neighborhood Watch, and Volunteers in Police Service programs around the country. Many CERTs already include the business community in their training and exercises. For example, the San Diego County CERT has trained local utility and telecomm employees as part of their partnerships, and many CERTs have adapted the curriculum to business needs, providing Business Emergency Response Training for employees.

In addition, Citizen Corps Councils are encouraged to build strategic partnerships with local governments and businesses to coordinate training activities and exercises.

Ready Business Campaign

The U.S. Department of Homeland Security and the Ad Council launched the *Ready Business* Campaign in September 2004. This extension of Homeland Security's successful *Ready* Campaign, designed to educate and empower Americans to prepare for and respond to emergencies, focuses specifically on business preparedness. *Ready Business* helps owners and managers of small- and medium-sized businesses prepare their employees, operations and assets in the event of an emergency.

Ready Business was developed by Homeland Security and launched in partnership with the U.S. Chamber of Commerce, Small Business Administration, Society of Human Resource Management, The Business Roundtable, The 9/11 Public Discourse Project, ASIS International, Business Executives for National Security, International Safety Equipment Association, International Security Management Association, National Association of Manufacturers, National Federation of Independent Businesses, and Department of Labor's Occupational Safety and Health Administration.

The goal of *Ready Business* is to raise the business community's awareness of the need for emergency planning and motivate businesses to take action. The campaign encourages business owners and managers to discuss the benefits of emergency preparedness measures and the need to plan to stay in business; talk to their employees; and protect their investment.

Ready Business also has a Spanish language companion, Listo Negocios, which provides several *Ready Business* tools and resources translated into Spanish.

The campaign's messages are delivered through: television, radio, print, outdoor and Internet public service announcements (PSAs) developed and produced by the Advertising Council; brochures; www.ready.gov and www.listo.gov Web sites; toll-free phone lines 1-800-BE-READY and 1-888-SE-LISTO; and partnerships with a wide variety of public and private sector organizations.

In May 2006, the Ready Campaign launched the *Ready Business* Mentoring Initiative. This initiative is designed specifically to help owners and managers of small and medium-sized businesses prepare for emergencies. Materials were created to assist business and community leaders in hosting and delivering business preparedness workshops and training sessions. These sessions and the Ready Business Mentoring Guides outline how businesses can plan to stay in business; talk to employees; and protect assets. Workshop materials were provided through collaboration through the USDA Cooperative Extension Service funded Education Disaster Extension Network (EDEN).

To reach businesses and business organizations across the country, the Department reached out to U.S. Department of Commerce, Small Business Administration, U.S. Department of Agriculture and the nation's leading business organizations to distribute the Ready Business Mentoring Guides and provide access to its resources.

In addition to the Ready Business Mentoring Initiative, the Department also works with the private sector to encourage the adoption of the NFPA 1600 at the local level. For example the Department collaborated with the U.S. Chamber of Commerce on a pilot initiative to create a Regional Business Preparedness Summit in Charlotte, North Carolina. This event brought together local leaders in emergency management, public health and the private sector. Local businesses learned the importance of creating and exercising their business emergency plan, involving their employees, protecting their assets and coordinating with their local emergency management network.

Training and Exercise Programs

Another significant example of public- private partnering is through FEMA's new Training and Education Division, which has a number of courses being developed or delivered that are available for private sector participation. For example, the new online training relating to the National Infrastructure Protection Plan (IS 860) is designed to be

used by both government and private sector security partners. More than 3000 individuals have taken this course since it was posted this past year.

The National Exercise Division (NED) works closely with the DHS and FEMA Private Sector Offices and Office of Infrastructure Protection (OIP) to develop a systematic means to integrate the private sector into national level exercises as well as taking steps to coordinate future modifications to the Homeland Security Exercise and Evaluation Program that will encourage and guide State and local efforts to construct exercise activities inclusive of the private sector.

For example, on April 30, 2007, FEMA Region I was a key player in the Hurricane Yvette Exercise which was designed to test the Federal government's response capabilities for a large-scale New England disaster. The early results are positive and demonstrate improvements made by implementing the lessons learned after Hurricane Katrina. The Department of Defense, the Department of Homeland Security, FEMA, the U.S. Coast Guard, and State and local officials and the private sector worked closely together responding to the scenario of a hypothetical Hurricane Yvette making landfall in Rhode Island and impacting several northeastern States. This was the largest such exercise ever conducted in New England. Private sector entities continue to be involved in the Hurricane Preparedness Exercise activities that are sponsored by the NED on an annual basis.

Grant Programs

FEMA manages a vast portfolio of grant programs that support implementation of the National Preparedness Guidelines. The Guidelines provide an all-hazards vision that cuts across the four mission areas of preparedness: to prevent, protect against, respond to and recover from major events, including terrorist attacks and catastrophic natural disasters. The Guidelines are truly national in scope, in that successful implementation requires engagement across Federal, State, local, and tribal levels, as well as the private sector and individual citizens.

Also, DHS' grant programs allow a tremendous amount of flexibility for State and local jurisdictions to include private sector entities in planning efforts. Allowable activities include the development of public/private sector partnership emergency response, assessment and resource sharing plans, development or enhancement of plans to engage with the private sector/non-governmental entities working to meet human service response and recovery needs of victims and the development or enhancement of continuity of operations and continuity of government plans.

Although many of FEMA's grant programs award funds to State or local governments to implement projects that support their State or Urban Area Homeland Security Strategies, ongoing coordination with private sector partners - particularly on key issues related to critical infrastructure protection where the private sector owns 85% of the assets - is absolutely necessary. The private sector plays a vital role in the planning process that supports the implementation of preparedness grants in the field. Recognizing this vital

role, FEMA has engaged organizations such as Business Executives for National Security (BENS), the U.S. Chamber of Commerce, and the Council for Excellence in Government to further the dialogue on preparedness.

Donations Management

One of the lessons learned from Hurricanes Katrina and Rita is the need for a secure, user friendly system to efficiently connect Federal and State/Local Governments, the Private Sector and the Voluntary Sector to match the volume of donation offers of product and volunteers with appropriate nonprofit agencies. To fulfill this need, FEMA has partnered with the Aidmatrix Foundation, which has assembled a strong community of for-profit and nonprofit partners to come together and develop the FEMA In-Kind Donations Management Network. Leveraging leading-edge technologies, the information management provides a simple but effective means of connecting potential donors with potential recipients within the disaster relief community.

FEMA provided the Aidmatrix Foundation \$950,000 in 2007 to expand its existing disaster donations network. These funds are used to establish the framework for an integrated and coordinated approach to donations management by connecting private sector, government and leading nonprofit entities in times of disaster. This sponsorship will further enable Federal and State/Local emergency management organizations to better serve voluntary agencies and their private sector partners.

The FEMA/Aidmatrix In-Kind Donations Management Network will streamline the way donations are accepted, processed, tracked, distributed and acknowledged. When offers of donated products are made to FEMA or individual States, these offers will immediately be made available on the online network to participating charities. This, in turn, will allow government and nonprofit users to see in real time what services and goods are most needed and what donations may already be available for immediate distribution.

Under the cooperative agreement, each State will be provided a basic system at no cost. The basic system includes linking or connecting to the National Voluntary Organizations Active in Disaster (National VOAD) member organizations in that particular State. The network also offers States software tools to rapidly set up a call center to meet the demands of an inquiring general public wanting to help in the aftermath of a disaster. Moreover, it enables States the ability to add additional nonprofit organizations, cities, and governmental agencies, if desired at their cost.

Conclusion: A Call for Continued Public-Private Communication and Partnership

We at FEMA will continue to work to ensure that our socio-economic acquisition strategy and goals are in keeping with the larger charge of fair and equitable economic opportunity for small, minority and disadvantaged business. FEMA new vision calls for the Agency to adapt to new conditions, adopt innovative and more effective business

practices and addressing ever changing needs. To do this, we want to hear from and work with all audiences with a stake and a responsibility in preparedness and disaster response.

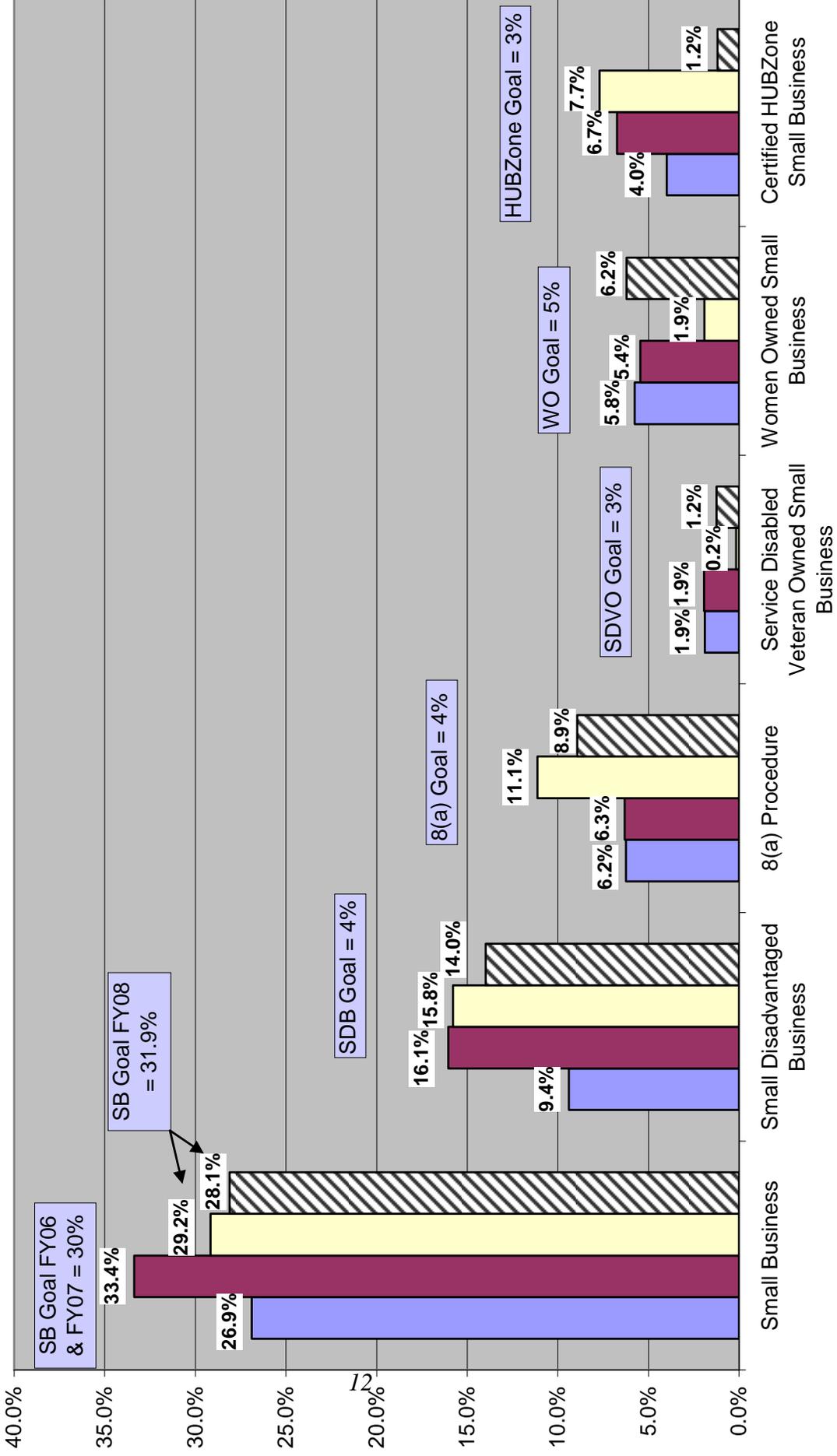
The private sector should continue and build upon efforts in several key areas:

1. Developing strong business continuity plans for all of their locations and critical data centers.
2. Develop employee support plans for when their employees' office locations are damaged or if their employees have lost their homes to disaster. A key element of recovery is getting people back to work as quickly as possible.
3. Engage in prudent risk management practices and have strong health and safety programs.
4. Work closely with their local emergency managers, first responders and elected officials to be involved in disaster planning and to build protocols to assist with recovery efforts, before a disaster strikes.
5. Through business associations continue to work with state emergency management and FEMA to support mitigation activities, preparedness planning, disaster response, donations management, and recovery efforts.
6. Engage private sector partners through planning, training, and exercise activities. The resulting relationships and shared vision can only help to strengthen our Nation's preparedness.

It is the work and resources we expend on this planning now, before a disaster, that will pay dividends later in a faster recovery and a more resilient nation. We cannot wait until a disaster occurs to exchange our business cards and the private sector understands that it cannot just show up on game day and expect to play without coming to the practices.

Thank you for the opportunity you have afforded us today to speak about the new FEMA. I look forward to addressing your questions.

Socioeconomic Contracting % by Category



■ FY06
 ■ FY07
 ■ FY08 Q1
 ■ FY08 Q2 (28-Feb-2008)

	FY06	FY07	FY08	
			FY08 Q1	FY08 Q1 Feb-2008
Total Small Business Eligible Dollars	\$6,819,876,264	\$1,453,625,002	\$214,192,496	\$74,200,000
Small Business Dollars	\$1,833,130,214	\$485,041,863	\$62,458,597	\$20,800,000
Small Disadvantaged Business Dollars	\$640,518,709	\$233,367,130	\$33,825,627	\$10,300,000
8(a) Procedure Dollars	\$425,064,052	\$91,642,621	\$23,824,898	\$6,600,000
Service Disabled Veteran Owned Small Business Dollars	\$128,215,749	\$28,065,565	\$339,542	\$9,000,000
Women Owned Small Business Dollars	\$392,267,159	\$79,170,761	\$4,083,544	\$4,600,000
Certified HUBZone Small Business Dollars	\$272,118,963	\$97,886,493	\$16,475,846	\$8,000,000