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STATEMENT FOR THE RECORD

**On behalf of the
National Emergency Management Association**

**Submitted to the House Transportation and Infrastructure
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Building a 21st Century Infrastructure for America: The National Preparedness System

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Introduction

Thank you, Chairman Barletta, Ranking Member Johnson, and distinguished members of the subcommittee for allowing me to testify before you today to discuss the role of the National Preparedness System in building and supporting a strong 21st-century infrastructure for America. My name is Wendy Smith-Reeve, and I am the Director of the Arizona Department of Emergency and Military Affairs (DEMA) Division of Emergency Management and serve as the President of the National Emergency Management Association (NEMA). NEMA represents the state emergency management directors of all 50 states, eight territories, and the District of Columbia. NEMA's members, many of whom serve as Homeland Security Advisors, are prepared to deal with an ever-changing and increasingly complex set of challenges that test traditional approaches to natural and manmade disasters.

While preparedness, response, recovery, and mitigation capabilities are critical on the federal level, one of the most crucial functions FEMA supports is the broader system that helps coordinate the various preparedness efforts across the country and assess their effectiveness in achieving a common goal. The context and environment in which our system must succeed is constantly evolving and intersecting. The National Preparedness System (NPS) is intended to be the beacon that guides critical stakeholders in their quest to be good stewards of grants and other resources provided by taxpayers across the country.

Several emerging issues are forcing the emergency management community to adjust, if not reinvent, its business practices, resource requirements, and assessment tools. The continued commitment of FEMA, state, tribal, local, private sector, and individual stakeholders through the National Preparedness System is essential for supporting a successful all-hazards approach to any emergent situation no matter how small or large.

Continue to support the implementation and evolution of PPD-8

Presidential Policy Directive / PPD-8: National Preparedness recognizes that preparedness is a shared responsibility. At its core, PPD-8 requires the involvement of the whole community—not just the government—in a systematic effort to keep the nation safe from harm and resilient when struck by hazards, such as natural disasters, acts of terrorism and pandemics. All areas encapsulated into National Preparedness are interdependent of one another; therefore, if one area is deficient it has a cascading negative effect on the remaining mission areas.

The policy directive calls on federal departments and agencies to work with the whole community to develop a national preparedness goal and a series of frameworks and plans related to reaching the goal. There is a framework for each of the five mission areas – Prevention, Protection, Mitigation, Response, and Recovery – and these frameworks are essential for implementation of the National Preparedness Goal and are the cornerstone for the overall National Preparedness System.

PPD-8 is organized around key elements:

- The National Preparedness Goal defines the end state success the nation is expected to achieve collaboratively.
- The National Preparedness System (NPS) describes the means to achieve the goal and is a unified effort with six parts: identifying and assessing risk, estimating capability

requirements, building and sustaining capabilities, planning to deliver capabilities, validating capabilities, and reviewing and updating capabilities.

- National Planning Frameworks and Federal Interagency Operational Plans explain the delivery and how we use what we build.
- An annual National Preparedness Report documents the progress made towards achieving the goal. According to FEMA, the most recent NPR incorporates the input of more than 450 data sources and 190 stakeholders, including 66 non-Federal organizations. The NPR includes State Preparedness Reports as required by the Post-Katrina Emergency Management Reform Act of 2008 (PKEMRA).
- An ongoing national effort to build and sustain preparedness helps maintain momentum.

The National Preparedness System (NPS) is a practical and effective approach to developing and supporting capabilities. State and local stakeholders were consulted extensively in its development and have fully implemented this system into their planning efforts.

As the foundation of the NPS, the Threat Hazard Identification and Risk Assessment (THIRA) process informs emergency operations planning, mutual aid agreements, and hazard mitigation planning. Primary stakeholders at the state and local level have been incorporated into the THIRA process to ensure we collaboratively address the full range of threats and hazards facing communities. While not perfect, we believe THIRA and the larger NPS structure has provided a baseline against which we can now measure progress towards a common goal.

Improvements and tweaks will always be needed to ensure the process represents and incorporates the best available data and measures key indicators that communicate the gaps that exist and progress made over time. For example, the THIRA and State Preparedness Report (SPR) are still evolving and require additional fine tuning. States need further clarity on how THIRA and SPR inform FEMA's threat picture and what effect, if any, that has on the allocation of financial resources and other types of support to states. One example of opportunity to improve is evaluation of reporting timelines. An annual analysis does not provide jurisdictions and states enough time in which to adequately measure positive changes affected by the actions taken, as the grants awarded to address the gaps identified the previous year are in the process of execution while the states are working through the following years THIRA/SPR evaluations and reports. Therefore, you won't see measurable change in the metrics as more time between periods of analysis is necessary.

Almost one year ago, GAO testified before the Senate Homeland Security and Governmental Affairs Committee and presented various recommendations related to the National Preparedness Report process. They noted that "while many programs exist to build and sustain preparedness capabilities, challenges remain in measuring their progress over time." They alluded to a continued inability to gauge the performance of existing programs. GAO also questioned FEMA's ability to use the THIRA process to develop a set of national capability performance requirements and measures to address concrete capability gaps. These concerns must be addressed, and we look forward to working with FEMA, as we did during the creation of the National Preparedness System, to make collaborative progress in this area and ensure the outcome reflects the current risk landscape and gives a more accurate picture of stakeholder capability in light of that landscape.

As the new Administration and political leadership at DHS and FEMA are appointed, there will obviously be new approaches and priorities that emerge. This reality must be balanced, however, with the need for change to improve outcomes and not succumb to the interest in change for the sake of change. Collectively as a nation, we can't afford to abandon this endeavor in favor of an overhaul that will set us back years in our efforts and accomplishments made to elevate and cooperatively enhance our level of national preparedness. The Administration should sustain and build upon the existing National Preparedness Goal and its support components as they become fully implemented by state and local governments.

Importance of Preparedness Grant Funding for State, Tribal, and Local Stakeholders

Any emergency manager, first responder, business, or community leader will tell you a planning and coordinating system is worth little without the ability to plan, train, exercise, and execute the capabilities needed to prepare for, respond to, recovery from, and mitigate against all hazards. The implementation tool for the critical functions of the National Preparedness System is the suite of Preparedness Grants administered by FEMA that are essential to state, tribal, and local governments.

Since their inception, NEMA has maintained support of these grants as critical resources to help state and local governments build and sustain capabilities to address the threats and hazards they face. From what we understand, based on the details from the FY18 Budget Blueprint, significant cuts have been proposed to the Preparedness Grant Program. This proposal includes a 20% reduction to the Emergency Management Performance Grant Program (EMPG) and the State Homeland Security Grant Program (SHSGP), which are two critical grant funding streams that our state and local governments depend on annually. It is impossible to imagine a scenario in which those cuts, as significant as they are, do not over time affect and possibly erode the operational capabilities at the state and local level.

Cuts to critical preparedness grant programs impact individual states in substantial ways. Impacts to response and recovery capabilities, however, do not stop at a state's borders. Through mutual aid, facilitated by the Emergency Management Assistance Compact (EMAC), any decrease in funding for building homeland security and emergency management capacity reverberates across the nation. EMAC leverages federal emergency management and homeland security grant dollars invested in state and local capabilities to conduct response and recovery operations across the nation. Because of these increased capabilities, the vast majority of disasters are handled without federal assistance, and when a state does become overwhelmed, EMAC is available to provide initial supplemental support.

The proposed cuts are also incongruous with the current threat environment. The threat of terror attacks here in the United States continues to evolve and increase, and communities in every state face the evolving and emerging threats from natural disasters. While the country has made significant strides in our understanding of and preparedness for these events, this isn't the time to scale back those efforts. FEMA's all-hazards focus allows capabilities to be built and utilized in a number of various events ranging from wildfires in the West, Hurricane Matthew response in the East, and response to terror events in Chattanooga, Fort Hood, Boston, and San Bernardino. Each of these events illustrates the need for continued investments in strategic priorities. By

proposing significant cuts for FY18, it is evident our investments since the inception of these grants are at risk, and we look forward to engaging with Congress to better understand how we can balance the need for budget sensitivity with the need for security across the country.

In Arizona, EMPG and SHSGP are crucial in supporting investments that help us in reaching the NPG and are recognized as best-practice activities. The challenge we now face is ensuring these programs are funded at a level that allows them to continue to serve and protect the state as threats to homeland security and critical infrastructure increase and evolve. With SHSGP, this challenge is only compounded by the dramatic decrease in funds the states now receive as compared to past years. In 2008, the State of Arizona was awarded 13.4M in SHSGP funding; in 2015, that number had decreased 66% to 4.57M, despite no noticeable reduction in threats or hazards we face. SHSGP funding has been utilized strategically over its lifespan to build a number of capabilities that either did not previously exist or were inadequate to address the evolving threats facing our nation. In order to keep pace with those evolving threats, this critical funding stream must stay steady or increase, not decrease.

Implement Preparedness Grant Reform to Streamline Priorities, Address Risk, Increase Flexibility for Emerging Threats, and Measure Progress

Congress has repeatedly expressed the need for answers to lingering questions about the effectiveness and performance of the suite of FEMA grant programs. In 2012, NEMA developed an innovative approach to grants that goes beyond solely requesting additional funding. NEMA produced a four-page document advocating for the consolidation of the full suite of FEMA's preparedness grants. Key principles and values that were addressed included: 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 for transparency; and recognizing critical interdependencies.

In the FY13 President's Budget Request, FEMA similarly proposed consolidation of their various grant programs into a National Preparedness Grant Program (NPGP), but the structure had fundamental differences with the NEMA proposal. The reception on Capitol Hill and from many stakeholders was anemic, due in part to the inability of the Department to submit proposed legislative language that would facilitate the actual implementation of the reform and provide detail for the main challenges raised by a number of state and local government organizations.

While the NPGP proposal was not adopted by Congress and no new proposal or complementary action has been submitted forward by FEMA, the reality remains: the current structure for grants is unsustainable. Declining budgets at all levels of government have increased the need to leverage resources and facilitate cross-jurisdictional coordination. We can no longer afford to operate in separate silos. Unfortunately, the current suite of grant programs perpetuates such separations and no longer reflects ongoing efforts to align state and local capabilities with national preparedness objectives.

The current grants structure is complex and often contradictory. This fact 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.

Today's dynamic threat environment requires a grant program that prioritizes investments based on risk while maintaining state and local ability to sustain prior investments that support national goals. Grant programs must be flexible and agile to address changing hazards and ensure local investments synchronize with statewide and regional priorities.

Improvements have been made to processes for assessing risk and strategic planning, but the current grant programs design can no longer achieve the type of accountability Congress demands and support the preparedness capabilities our communities need.

Duplicative reporting requirements and increased administrative burden under the current framework also diminish return on investment (ROI) as more time and money must be spent on grants administration and management. Comprehensive reform would better facilitate maximum efficiency of taxpayer dollars and better enable accurate measure of ROI over time. Flexibility with accountability is essential for the success of any efficient and effective taxpayer funded program. Only through comprehensive changes to the existing structure can we achieve a more effective preparedness program for states and locals.

Mitigation as a Function of Proactive Preparedness

Since FEMA and its partners completed the frameworks under PPD-8, it has become very clear that mitigation cannot exist in a vacuum. Mitigation benefits from the whole community approach to disaster preparedness and supports the other four mission areas of PPD-8, and has the greatest potential impact on addressing the protection of critical infrastructure from natural or man-made events. Frameworks and preparedness goals cannot be truly representative or actionable if they promulgate stovepipes. Preparedness must be achieved by embracing the unique elements of each mission while understanding and building off their shared goal of resiliency and sustainability.

Mitigation funding has consistently been a fraction of the response and recovery costs that continue to accrue. Between FY2011-2014, the federal government allocated roughly \$222 million for pre-disaster mitigation compared to \$3.2 billion for post-disaster mitigation, a ratio of roughly 1:14. In the aftermath of two separate hurricanes, studies estimated that strong building codes could have significantly reduced damages – saving \$8 billion in Louisiana following Katrina, and \$3.1 billion in Mississippi following a Category 3 event. Photos of the aftermath of disaster clearly show where pre-disaster mitigation efforts and enhanced building codes support community resilience and escalate recovery efforts.

The federal cost share for natural disaster losses has reached an all-time high of 80% from a low of 5% in 1980. If we are to bend this runaway federal cost curve on disasters, we must move away from the current federal disaster spending model towards a system that emphasizes proactive pre-disaster resilience activities. It is a universally accepted fact that \$1 of pre-disaster mitigation saves \$4 in losses post-disaster. Amending FEMA's Pre-Disaster Mitigation grant program to receive a new, automatic funding formula enhancement from the Disaster Relief Fund would accomplish this end, and allow us to leverage the cost-savings power of preventative, pre-disaster mitigation by reallocating limited federal resources from the post-disaster, reactive, and wasteful spending model. Incentivizing states to undertake FEMA-approved mitigation activities could be accomplished by adjusting the minimum cost share of a

presidentially declared disaster. This business model shift will make American infrastructure and homes more resilient to natural disasters, better protecting lives and at the same time lowering the future costs of disasters and saving taxpayer dollars.

While the federal programs geared towards mitigation are crucial to the success of many activities around the country, many states have committed millions of dollars to building their own mitigation capabilities and leveraging limited resources to accomplish independent preparedness goals. NEMA has always supported mitigation and its critical role in the cycle of preparedness and continues to encourage investments in mitigation activities at the state level. These efforts also help address the issues that an ageing infrastructure presents; not only are we replacing the new systems, we're building them stronger and with a keen eye to avoiding vulnerabilities of the past.

In Arizona, we've leveraged any surplus funding remaining in our Governor's Emergency Fund to support local initiatives to strengthen critical infrastructure and reduce vulnerability. Successful projects have included bank stabilization and fortification in repetitive loss areas, installation of advance warning gauges for flooding, forest thinning, and outreach efforts. We've also identified and implemented measures to improve drainage areas that have resulted in the affected homes no longer being susceptible to flooding, permanently mitigating the future potential recovery expense and risk. These projects were identified and executed at the local level with the support of state funding.

As part of mitigation, we must also insist that the states enact strong building codes to protect American homes and lives, and end the cycle of destruction which has contributed to the now unsustainable federal cost curve. Resilient construction practices save lives. Establishing, implementing, and enforcing strong building codes and incentives will significantly strengthen both public and commercial buildings, as well as private homes for our future generations. Enhanced standards will reduce disaster losses over time, which in turn will decrease federal spending. Tax credits for builders and homeowners, building code enforcement grants to states and localities, and mitigation incentives for states to adopt and enforce strong building codes will prove to be highly effective. This action also presents an opportunity to expand program eligibility and encourage joint public/private mitigation projects. These projects would save future public funds and enhance a community's resilience.

Resilient communities are those that take proactive measures to protect investments made across the full range of infrastructure. Many of the messages of preparedness are geared towards dealing with or managing the effects of disasters, but mitigation takes preparedness a step further. The actions taken under the name of mitigation reduce the impact of the disaster before it happens and can be used to rebuild an affected area in a more resilient manner. While neither community members nor emergency managers can stop the next disaster from occurring, every member of the community can play an active role in reducing the consequences from those disasters in the future.

Analyze and Realign Response and Recovery Programs & Delivery of Service to Communities

When disasters do occur, federal spending to respond to the event and its human impacts is much larger than FEMA and the Disaster Relief Fund. Multiple federal agencies within the federal enterprise are responsible for delivering and managing what has become a fragmented national effort to support communities following disaster. For example: in the wake of Hurricane Sandy, 19 agencies were allocated funds, through appropriations, to implement more than 60 post-disaster recovery programs which were delivered in an unsynchronized and uncoordinated fashion. Similar to the current suite of Preparedness Grants, this fragmentation of post-disaster response and recovery programs creates inefficiencies, diminishes ROI, and more importantly, bureaucratic barriers for those states and communities seeking post-disaster assistance in the form of varying program regulations, application procedures, and time frames.

Building a 21st Century National Preparedness System should acknowledge that the federal government's response to disaster needs to be analyzed and streamlined to reduce redundancy, bureaucracy, and un-needed overhead and administrative expense. Together let's analyze and eliminate redundancies and conflicts, and get back to a streamlined and synchronized effort that serves and supports all parties. FEMA was originally created with the intent to serve and support communities impacted by disaster as the single coordinating body for federal assistance. That is no longer the model we have today. Dialing back the fragmented federal effort and streamline all non-FEMA federal disaster assistance administration back to FEMA while incorporating a Benefit Cost Analysis (BCA) protocol for all programs would certainly be a step in the right direction. This would enhance the federal government's capability to focus on quickly and efficiently supporting the communities in their response to, and recovering from disasters and is a proposed solution to the current bifurcated process. States and communities would gladly welcome a seamless and synchronized effort from the federal enterprise.

Recommendations for the Future

As the White House and Congress consider the future of grant reform and engage with stakeholders, NEMA will continue to support efforts to prioritize key components of a grant structure that is measurable, flexible, and sustainable. Any new structure should:

- Value local decision-making and national assessment. An examination of preparedness must not consist solely of broad goals and priorities, but also must form the basis for action. FEMA should continue to improve the State Preparedness Report (SPR) and Threat Hazard Identification and Risk Assessment (THIRA) process to ensure they provide value to states and local governments. The THIRA should support state efforts to integrate core capabilities thoughtfully and systematically into planning, analysis, and assessment.
- Assess risk continuously across all levels of government. Threat assessment, such as THIRA, must be conducted independent of funding allocations in order to adequately assess the current risk and hazards of a locality, state and region. This must be a continuous process and not a yearly snapshot simply for reporting purposes.

- Encourage strategic plans versus spending plans. The planning process must focus on setting and achieving strategic goals under changing and uncertain conditions. This will allow states to demonstrate progress on filling capability gaps, and as priorities in the state plans are funded, measurable gaps can be identified, addressed, and reported.
- Analyze disaster assistance programs and services available from all federal sources. An analysis should include descriptions of programs, eligibility and authorities, timelines for delivery, target applicant, program parameters, and reporting requirements. Identify duplication of effort, opportunities to streamline programs and processes, and recommend efficiencies that will support the fundamental principles of a long-term sustainable solution for future resiliency.
- Shift the business model from a reactive to proactive posture. We spend far too much money reactively replacing damaged infrastructure to its pre-disaster condition when we should be proactively updating our infrastructure to withstand these events, or building in less vulnerable areas altogether. This should be initiated by the local, state and tribal level of governments with support from federal resources that currently exist.
- Provide consistency and support long-term planning. Grant reform should support FEMA's ability to provide states and subgrantees consistent grant guidance, policy, and funding levels to promote long-term strategic initiatives. These reforms should also include realistic timelines and foster a culture of collaboration among states, local governments and other subgrantees.

Conclusion

Emergency managers today, at all levels, must be prepared to deal with an ever changing and increasingly complex set of challenges that test traditional approaches to disaster and emergency preparedness and response. The growing number of novel events that can take unexpected turns has prompted greater involvement by emergency management for its capability, experience, and flexibility to deal with issues as they emerge. Regardless of the amount of funding you push towards new priorities, however, the systems, structures, personnel, and capabilities built and sustained through years of dedicated investments must not be neglected.

It's important to acknowledge that increasing the nation's preparedness and response capabilities requires a strong National Preparedness System that facilitates the necessary collaboration, coordination, and structure for all critical stakeholders to achieve a common goal. If national systems are robust and implemented effectively, state, tribal, and local governments can then make the tough decisions related to how best to prioritize investment of critical grant dollars. Decisions regarding where to spend declining grant dollars are best made by those with first-hand knowledge of the threats facing their states and communities around the country.

On behalf of the State of Arizona and NEMA members nationwide, we appreciate the continued support of this subcommittee as we work together to support strong national preparedness that reduces the impact of all-hazards on communities, business, and critical infrastructure across the country. Thank you for the opportunity to provide testimony, and I look forward to any questions the Subcommittee members may have.