LEGISLATIVE PRIORITIES & TALKING POINTS
115th CONGRESS – FIRST SESSION

Build Upon Foundation of Best Practices that Achieve Efficient Use of Taxpayer Dollars

This can be done by continuing steadfast support for the foundations of State emergency management capabilities such as the Emergency Management Performance Grants (EMPG) and the Emergency Management Assistance Compact (EMAC). EMPG requires a 50% match, meaning for every $1 of federal investment through EMPG, State and local emergency management organizations match at least that much to maintain a robust emergency management capability. In addition, mutual aid is a cost savings to the federal government as it can lessen the need for federal assets during a response and EMAC is a beacon of Congressional investment in critical capabilities. EMAC is the first national disaster–relief compact since 1950 and all 50 states, the District of Columbia, and U.S. Territories have enacted legislation to become EMAC members.

Encourage Strategic Actions to Reduce Costs Associated with Disasters

Reducing the overall costs of disasters, at all levels of government, is necessary for the continued economic and social equilibrium of the nation. As a Nation, we are currently limited in our ability to take meaningful action to reduce costs because we lack a reliable awareness of the total costs borne at all levels of government and across various agencies in relation to disaster costs. A study should be initiated to determine the true costs of disasters that captures not only those direct financial costs borne by FEMA, but also those costs, both direct and indirect that are paid by other federal agencies, state, local, and tribal governments, and the private sector to target the largest costs and develop strategies to reduce loss of life and expenditures in the response and recovery phase.

Support the Disaster Relief Fund and Maintain a Focus on State and Local Activities

The DRF is a no-year account that is used to fund response activities and pay for ongoing recovery programs resulting from declared disasters and emergencies. The DRF is a critical source of funding for state and local governments and when funding levels are inadequate, community recovery can be delayed. Through the Budget Control Act of 2011 caps were placed on discretionary spending and allowable adjustment specifically to cover disaster relief separate from emergency appropriations. Declining cap adjustment space and additional pressure from Federal agencies wishing to access funds for their own disaster response efforts, make protecting the intent of the DRF paramount in the coming years.

Implement Preparedness Grant Reform to Address Risk, Increase Flexibility, and Measure Progress

NEMA continues to support reform to the suite of homeland security grants offered by the Federal Emergency Management Agency. The Administration proposed the National Preparedness Grant Program in three consecutive budgets but Congress and other stakeholders repeatedly expressed concern and the proposal was not adopted. NEMA remains focused on the needed reform and restructure of critical grant programs to achieve measurable results that secure our nation. An integrated and cost-effective grants system will allow the nation to be agile in confronting any threat to the homeland, whether it is natural or manmade. The goal of these grants should be to allow grantees more flexibility to address changing threats while providing accountability to Congress.

Engage Emergency Management Community During Reauthorization of the NFIP

The National Flood Insurance Program (NFIP) plays a significant role in the disaster recovery and mitigation cycle across the Nation. The program impacts millions of homeowners and businesses across all 50 states and is responsible for billions of dollars in premiums and payouts each year. Reforms have been implemented that are designed to stabilize the program to allow it to operate in the most efficient way possible, but more work must be done. NEMA believes the Administration and Congress should address affordability and financial stability within the NFIP and work to subsidize mitigation and risk-reduction activities, prioritize flood mapping and risk communication, and encourage participation of the private market without limiting the success of the NFIP.

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Build Upon Foundation of Best Practices That Achieve Efficient Use of Taxpayer Dollars and Leverage Investments Made at All Levels of Government

NEMA believes Congress plays a key role in continuing steadfast support for the foundations of state emergency management capabilities such as the Emergency Management Performance Grant (EMPG) Program and the Emergency Management Assistance Compact (EMAC). EMPG allows state, tribal, and local governments to make key investments to build capacity and enhance the capability of states and localities to respond to disasters. EMPG is the only source of federal funding directed to state and local governments for planning, training, exercises, and key professional expertise for all-hazards emergency preparedness. Few federal programs boast EMPG's 50-50 matching commitment from the state and local level. The program stands as the beacon of Congressional support, ensuring states prepare, mitigate, respond, and recover from a variety of hazards and reduce the need for federal disaster funding.

EMAC was the first national disaster–relief compact ratified by Congress since the Civil Defense and Disaster Compact of 1950. Since ratification in 1996, every state, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands have enacted legislation to become EMAC members. EMAC has grown considerably over the past decade. Most recently, states sent 1,639 emergency management and law enforcement personnel to respond to hurricanes, severe storms, and the Republican National Convention in 2016. Sustaining and building upon the success must be a priority as we look to reduce disaster costs and build capabilities that can be shared across the country.

Talking Points

- EMPG is the only federal source of funding to assist state and local government with planning and preparedness activities associated with disasters. This program boasts a 50% match and any cuts in federal funding could have significant consequences for State and local investment.
- NEMA intends to continue focusing heavily on building metrics to measure outcomes of the program and continues to support the matching requirement.
- All 50 states, DC, and 3 territories have enacted legislation becoming EMAC members. This allows resources to deploy through EMAC (fire-hazmat, law enforcement, public health, medical, mass care, animal response, emergency medical services, National Guard, public works, search & rescue, transportation, human services, agriculture & forestry, emergency/incident management).
- Investment into EMAC leverages federal grant dollars that have already been invested in state and local emergency management capabilities.

Requested Action

- Congress should continue to make strong investments in EMPG and ensure adequate support for preparedness at the state and local levels by approving $350 million in FY18. The program must be maintained as a flexible and all-hazards program and not stray from the Congressional intent. Congress should continue to recognize the 50% match requirement as significant buy in from State and local stakeholders.
- Provide budget line item for EMAC to the full authorized amount of $2 million. This funding assists with planning, training, education and exercises; operations support; information and resource management; after action reviews and implementation of lessons learned and model practices.

Encourage Strategic Actions to Reduce Costs Associated with Disasters

Reducing the overall costs of disasters, at all levels of government, is necessary for the continued economic and social equilibrium of the nation. While there continues to be concern from Congress, OMB, DHS OIG, and others related to the rising number and cost of disasters, careful study and data-driven action must focus on the real drivers of cost increases. Simply reducing the total number of disaster declarations made by the federal government may not significantly bring down the total costs associated with federally declared disasters. Based on data from a House Transportation and Infrastructure Committee hearing in May 2016 (Controlling the Rising Cost of Federal Responses to Disaster): 25% of all disasters cost more than $41.8 million and account for 93% of federal disaster spending, while 75% of all disasters cost less than $41.8 million and account for 7% of federal disaster spending. In other words, a quarter of disasters account for 93% of federal disaster costs since 1989. This data makes it clear that following the money and crafting solutions that target actual cost drivers is paramount.

As a Nation, we are currently limited in our ability to take meaningful action to reduce costs because we lack a reliable awareness of the total costs borne at all levels of government and across various agencies in relation to disaster costs. FEMA is not the only agency that funds disaster response and recovery activities. In 2016, GAO released a report that says "during fiscal years 2005 through 2014, the federal government obligated at least $277.6 billion across 17 federal departments and agencies for disaster assistance programs and activities. In order to develop meaningful strategies to reduce net disaster spending, Congress must have (1) a clear picture of the total costs associated with disasters; (2) analysis of the largest cost drivers and trends over time and; (3) an accurate accounting for the diverse and ever growing number of agencies and departments contributing to increases in costs.

National efforts to reduce the costs of disasters through legislation or rulemaking must: recognize that state, local and tribal governments already handle the vast majority of disasters and emergencies on their own and without federal assistance; refrain from cost-shifting; utilize the best available science and predictive analysis tools to illustrate data-driven return on investment calculations; encourage and reward mitigation and resilience activities in the broadest sense; and provide for transparency and accountability without increased complexity and administrative burden.

Talking Points

- Reducing the overall costs of disasters, at all levels of government, is necessary for the continued economic and social equilibrium of the nation. Simply shifting costs from the federal level to state, local and tribal governments does not achieve meaningful disaster cost reduction.
- The government practice of spending more money on disaster recovery than risk reduction prior to the disaster must be changed. Hazard mitigation is a demonstrably cost-effective effort with a documented return on investment. Mitigation and resilience activities by state, local and tribal governments should be recognized and incentivized by the federal government.
- FEMA is not the only agency spending money in disasters and meaningful reduction in costs must involve efficiencies found across the federal government.

Requested Action

- Congress should require FEMA, in concert with key stakeholders and other federal agencies, to initiate a study to determine the true costs of disasters that captures not only those direct financial costs borne by FEMA, but also those costs, both direct and indirect that are paid by other federal agencies, state, local, and tribal governments, and the private sector.

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Support Practical Budgeting Solutions that Sustain a Viable Disaster Relief Fund (DRF) and Maintain a Focus on State and Local Response and Recovery Activities

The DRF is a no-year account that is used to fund response activities and pay for ongoing recovery programs resulting from declared major disasters, emergencies, and Fire Management Assistance Grants (FMAGs). The majority of its funding goes to pay for response to and recovery from major disasters. The DRF is a critical source of funding for state and local governments and when funding levels are inadequate, community recovery can be delayed. Through the Budget Control Act of 2011 (BCA, P.L. 112- 25), caps were placed on discretionary spending for the next ten years, beginning with FY2012. Special accommodations were made in the BCA to address the unpredictable nature of disaster assistance while attempting to impose discipline on the amount spent by the federal government on disasters. The BCA created an allowable adjustment specifically to cover disaster relief separate from emergency appropriations.

The limit established by the BCA on adjustments to the caps for disaster relief is based on the average funding provided for disaster relief over the previous ten years, excluding the highest and lowest annual amounts, calculated by the Office of Management and Budget (OMB). If Congress spends less than that average on disaster relief in each fiscal year, the caps can be further adjusted upward by the unspent amount in the following year. The existence of this “allowable adjustment” for disaster relief has influenced the way that the DRF is structured, allowing a larger overall funding stream to be provided in annual appropriations without it counting against the bill’s allocation of discretionary spending. The methodology used by OMB to calculate the allowable adjustment may not capture the full range of disaster relief spending, and the structure of the formula for calculating the average provides smaller allowable adjustments in future years as sizeable disaster relief expenditures for past storms begin to lose relevance.

In addition to the drop in the allowable adjustment, there is another pending issue that impacts the DRF. Congress is considering legislation that would allow other federal agencies to utilize the disaster allowable expense cap to pay for their response activities such as wildfire suppression on federal land. This could put further stress on the amount of funding available before requiring a Congressional supplemental in the event of a major disaster which could ultimately delay community recovery efforts.

Talking Points:

- Prior to 2011, FEMA often found itself in the position of waiting for a Congressional supplemental to fund response and recovery operations for major disasters that exceeded the amount in the DRF. If the current BCA calculation model is continued, and allowable adjustment cap space continues to decline, FEMA runs the risk of not having sufficient funds in the event of a catastrophic disaster.
- Allowing other federal agencies access to the DRF to fund federal activities could diverge from the original intent in the Stafford Act and could reduce funding available for community recovery.

Recommendations:

- FEMA must work with Congress and arm them with key data to illustrate the impacts of the Budget Control Act on the long-term health of DRF. Congress should consider changing the formula for calculating the allowable adjustment for the DRF under the BCA to recognize the calculation may not capture all costs of disasters.
- Congress should seek all information related to the impact of proposed changes to the process for funding federal agencies’ disaster response efforts outside of the Stafford Act. Congress should provide direct funding to federal agencies to support their emergency response activities rather than allowing access to the DRF.

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

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 threats and hazards they face. 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 simply requesting additional funding. NEMA produced a four-page document addressing the full suite of preparedness grants. Key principles and values include 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.

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 is unlike the current system where funding allocations are determined prior to planning.
- **Allocate funds based on priority needs.** Funding allocations should prioritize investments to address the most pressing capability gaps identified in the state and regional THIRA and SPR.
- **Measure progress to fill capability gaps.** The above steps allow for an effective measurement process. As priorities in the state plans are funded, measurable gaps can be identified, addressed, and reported.
- **Provide consistency and support long-term planning.** Grant reform should support FEMA's ability to provide states and subgrantees consistent grant guidance and policy, ensure realistic timelines and foster a culture of collaboration among states, local governments and other subgrantees.

Talking Points

- 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.

Requested Actions

- Congress should address the need for a comprehensive preparedness grants structure. This reform should harness lessons of the past ten years and allow participation from the full range of stakeholders.
- The new system must be flexible, adaptable, and transparent. By offering flexibility to grantees, Congress and the Administration can expect added accountability.

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Engage Emergency Management Community During Reauthorization of the NFIP

In order to address the most common disaster risk and continue to support community awareness and action around flood risk, FEMA must continue to review and reform the National Flood Insurance Program. FEMA must engage Congress and other critical stakeholders to protect and defend the intent of the NFIP while simultaneously recognizing the need to explore innovative and unique solutions that complement a broader strategy of risk reduction and incentives for individual and community action. We as a nation must redouble our efforts to design a system that helps people evaluate their individual risk and plan accordingly while simultaneously reducing our collective risk.

Without a strong insurance structure, uninsured risk could skyrocket and the impact will reverberate across various industries such as the housing market. Uninsured risk is a burden on communities and stresses local, state, and Federal disaster recovery budgets. Insurance payments are significantly higher than average Individual Assistance payments and can help communities recover much faster. Insurance is a key component of the recovery framework and the role of insurance in bringing down overall disaster costs cannot be overstated.

The NFIP is in jeopardy of not being able to meet the needs of the country in recovering from floods. The program is over $23 billion in debt with no clear path towards solvency. Additionally, enrollment in the program has declined by nearly 10% over the last several years as rate changes designed to shore up the program have resulted in policy holders dropping their coverage. This makes debt settlement even more unlikely. The NFIP is up for reauthorization by Congress in 2017 and the program's insolvency must be addressed.

Talking Points

- Flooding is the most common disaster and, according to Flood Smart, total flood insurance claims averaged more than $1.9 billion per year from 2006 through 2015.
- If homeowners or businesses are not protected by insurance, the risk to state budgets and FEMA's Disaster Relief Fund increases. Uninsured risk is a burden on communities, stresses local, state, and Federal disaster recovery budgets, and slows the recovery process.
- NFIP Reauthorization must happen before September 30, 2017 to avoid a lapse in the program that could have negative impacts on communities across the country.

Requested Action

- Congress should swiftly reauthorize the NFIP before the September 30, 2017 deadline and not allow the program to lapse as it has in the past.
- The Administration and Congress should address affordability and financial stability within the NFIP and work to subsidize mitigation and risk-reduction activities, not insurance, to promote safety and affordability.
- Congress should adequately fund FEMA, and other federal partners, so they can prioritize flood mapping and risk communication and utilize the best available data or newest technology.
- Reforms to the NFIP should encourage participation of the private market without limiting the success of the NFIP, which will always be vital for those most at-risk homeowners and communities.
- Congress should identify limitations on current programs that reduce the impact of cost-saving efforts at the state and local level. Programs that incentivize positive actions by states, local governments, individuals, and businesses must be reviewed to assure they are operating as efficiently as possible and are not limited by outdated stipulations.