Department of Homeland Security
Office of Inspector General

FEMA and the State of Louisiana Need to Accelerate the Funding of $812 Million in Hazard Mitigation Grant Program Funds and Develop a Plan to Close Approved Projects

OIG-14-150-D

September 2014

September 19, 2014

MEMORANDUM FOR: George A. Robinson
Regional Administrator, Region VI
Federal Emergency Management Agency

FROM: John V. Kelly
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *FEMA and the State of Louisiana Need to Accelerate the Funding of $812 Million in Hazard Mitigation Grant Program Funds and Develop a Plan to Close Approved Projects*
Audit Report Number OIG-14-150-D

We audited Hazard Mitigation Grant Program (HMGP) funds the Federal Emergency Management Agency (FEMA) awarded to the State of Louisiana from September 2005 through March 2014. Our objectives were to determine (1) the amount of HMGP funds FEMA authorized; (2) the amount of HMGP funds FEMA obligated; and (3) the progress the Governor's Office of Homeland Security and Emergency Preparedness (Louisiana), a FEMA grantee, is making in closing approved HMGP grants.

We conducted this performance audit between March 2013 and April 2014 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives. We conducted this audit by applying the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disasters.

We reviewed disaster mitigation grants FEMA awarded to Louisiana from September 2005 through March 2014 (disaster mitigation grants from Hurricane Katrina (1603-DR-LA) through Tropical Storm Lee (4041-DR-LA));[1] reviewed applicable HMGP criteria, including exemptions, exceptions, and amendments to statutes and regulations that Congress or FEMA authorized; obtained and reviewed mitigation grant data from FEMA's Enterprise Data Warehouse; interviewed key FEMA and Louisiana officials; and

[1] Also includes Louisiana Disasters 1607, 1668, 1685, 1786, 1792, 1863, and 4015.

performed other procedures considered necessary to accomplish our objectives.[2] We did not assess the adequacy of Louisiana's internal controls applicable to its grant activities because it was not necessary to accomplish our objectives. However, we identified and became familiar with the plans, procedures, and systems that Louisiana uses to manage its FEMA mitigation funds.

BACKGROUND

FEMA defines hazard mitigation as any sustained action taken to reduce or eliminate long-term risk to people and property from natural hazards and their effects. Hazard mitigation has a long-term impact and is specifically dedicated to breaking the cycle of repeated damage and repairs. FEMA provides hazard mitigation assistance to eligible grantees and subgrantees on a cost-shared basis. The mitigation projects must meet Federal regulations, conform to a Grantee Mitigation Plan, provide a beneficial impact to the grantee, comply with all environmental requirements, and be cost effective.[3] To receive funding, a grantee must have a FEMA approved Standard or Enhanced Mitigation Plan that identifies the vulnerability of potential hazards, defines a strategy to prevent or minimize the effects of the hazards, and identifies potential funding sources to mitigate the hazards.[4] FEMA also requires eligible applicants to have FEMA approved local mitigation plans that align with the goals and objectives identified in the Grantee Mitigation Plan.[5]

FEMA administers five hazard mitigation assistance programs that provide funding opportunities for pre- and post-disaster mitigation.[6]

- Pre-Disaster Mitigation,
- Flood Mitigation Assistance,
- Repetitive Flood Claims,
- Severe Repetitive Loss, and
- HMGP

[2] FEMA launched Enterprise Data Warehouse in 2005 to enable FEMA decision makers to query and retrieve data in a number of FEMA data systems, including the National Emergency Management Information System (NEMIS) and the Emergency Management Mission Integrated Environment (EMMIE).
[3] Generally, the State is the grantee. However, an Indian Tribal government may choose to be a grantee. Unless otherwise specified, this report uses the term *grantee* for all potential grantees for both pre- and post-award activities.
[4] See Exhibit A, Hazard Mitigation Grant Program Requirements.
[5] See Exhibit B, Stakeholder Roles and Responsibilities.
[6] In July 2012, the *Biggert-Waters Flood Insurance Reform Act* eliminated the Repetitive Flood Claims and Severe Repetitive Loss grant programs; and FEMA merged the National Flood Insurance Fund-funded mitigation programs (Repetitive Flood Claims, Severe Repetitive Loss, and Flood Mitigation Assistance) into one Flood Mitigation Assistance program.

The Pre-Disaster Mitigation program, the Flood Mitigation Assistance program, the Repetitive Flood Claims program, and the Severe Repetitive Loss program are non-disaster grant programs. The HMGP is a post-disaster grant program. Together, these programs provide funding opportunities for States, tribes, territories, and eligible applicants to reduce or eliminate potential losses through hazard mitigation planning and project grant funding. Each hazard mitigation program has a different scope, intent, and cost share.[7]

RESULTS OF AUDIT

Over 8 years since Hurricane Katrina, FEMA has not obligated approximately $812 million of the $2.16 billion in authorized mitigation funds. While conducting our audit, FEMA made progress in approving projects and, as of March 2014, FEMA reduced the unobligated amount from $1.1 billion in September 2012 to $812 million. This $812 million represents missed or delayed opportunities to protect lives and property from future disasters.

Funding delays occurred, in part, because—

(1) Louisiana's local governments had not submitted hazard mitigation plans that FEMA must review and approve to allow applicants to receive HMGP funds;
(2) FEMA did not require Louisiana to submit project applications within required deadlines according to Federal regulations and FEMA policy guidance; and
(3) FEMA allowed Louisiana to submit incomplete "placeholder" project applications, despite FEMA policy that requires states to submit complete applications.

To correct this problem, FEMA and Louisiana officials need to develop a plan to accelerate their review and approval of the remaining mitigation project applications that Louisiana submitted by the final approved deadline, and de-allocate all remaining unobligated funds.[8]

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[7] FEMA also funds hazard mitigation measures, under Section 406 of the *Robert T. Stafford Act*, Public Law 93-288, as amended, 42 U.S.C. 5121 et seq., (*Stafford Act*) that subgrantees can incorporate into the repairs of projects funded under the Public Assistance program. Section 406 Mitigation funding is limited to mitigating the damaged element of the facility and must reduce risk of future damage from similar events.

[8] The FEMA *HMGP Desk Reference*, and subsequent published guidance use the term "de-allocate" to describe the action FEMA will take on any funds not obligated for applications and subapplications 24 months after a disaster declaration.

In addition, Louisiana has paid applicants about $1 billion of the $1.35 billion FEMA has obligated for approved HMGP projects. However, Louisiana has closed projects totaling only $15.4 million, or 1.1 percent of the $1.35 billion obligated. Contributing to the delay in closing HMGP projects is that neither FEMA nor Louisiana has established periods of performance for individual approved HMGP projects. Unless FEMA and Louisiana resolve this issue, hazard mitigation projects risk remaining open indefinitely, while institutional knowledge, supporting documentation, and access to records disappear with the passage of time. Accordingly, FEMA and Louisiana need to develop and implement a comprehensive strategy to complete and close all approved HMGP projects in a timely manner.

Finding A: FEMA Has Not Obligated Approximately $812 Million in Hazard Mitigation Funds

FEMA has not obligated approximately $812 million in hazard mitigation funding authorized since Hurricane Katrina made landfall. This $812 million represents missed or delayed opportunities to protect lives and property from future disasters. This delay in funding mitigation projects occurred in part because—

(1) Louisiana's local governments had not submitted hazard mitigation plans required before receiving HMGP funds;
(2) FEMA did not require Louisiana to submit project applications within the deadlines that Federal regulations and FEMA policy guidance require; and
(3) FEMA allowed Louisiana to submit incomplete "placeholder" project applications despite FEMA policy that requires states to submit complete applications.

FEMA and Louisiana need to accelerate their ongoing efforts to obligate the remaining funds. As of March 2014, FEMA had obligated $1.35 billion (Federal share) out of the $2.16 billion in HMGP funds authorized to Louisiana for nine disasters (Hurricane Katrina through Tropical Storm Lee—see table 1). The $1.35 billion funded more than $1.12 billion in traditional mitigation projects such as home and building elevations, building retrofits, property acquisitions, and drainage projects; $126 million in initiative projects; $23 million for mitigation planning projects; and $74 million for Louisiana's state management cost. [9] FEMA obligated the $1.35 billion for 540 approved HMGP projects, and 90 percent of the obligation went to 13 subgrantees.[10]

[9] Initiative projects provide an opportunity to fund mitigation actions whose cost effectiveness may be difficult to assess. Examples of initiative projects include equipment and systems for the purpose of warning residents and officials of impending hazard events and geographical information system software and hardware whose primary aim is mitigation.
[10] See Exhibit C, HMGP Funds Obligated to Louisiana from September 2005 to March 2014, for the top 13 subgrant recipients in Louisiana.

Table 1: Available HMGP Funds for Louisiana by Disaster

Disaster	Declaration Date	Lock-In Amount [11]	Percent of Total Lock-In	Federal Funds Obligated (as of 3-12-14)	Unobligated Federal Funds (as of 3-12-14)
1603 (Katrina)	08-29-2005	$1,722,818,666	79.75%	$1,154,959,851	$567,858,815
1607 (Rita)	09-24-2005	137,903,000	6.38%	109,291,815	28,611,185
1668 (Severe Storms)*	11-02-2006	2,539,771	0.12%	0	0
1685 (Severe Storms)*	02-23-2007	178,320	0.01%	0	0
1786 (Gustav)	09-02-2008	236,077,170	10.93%	74,963,228	161,113,942
1792 (Ike)	09-13-2008	56,655,555	2.62%	4,239,012	52,416,543
1863 (Severe Storms)	12-10-2009	939,168	0.04%	489,514	449,654
4015 (Flooding)	08-18-2011	2,125,203	0.10%	983,460	1,141,743
4041 (Lee)	10-28-2011	944,010	0.05%	297,116	646,894
Audit Total		**$2,160,180,863**	100.00%	**$1,345,223,996**	**$812,238,776**

*These closed disasters no longer have available funds, thereby reducing the available lock-in amount by $2,718,091.

HMGP Funds Remaining

Although FEMA has obligated $1.35 billion in HMGP funds to Louisiana, an additional $812 million remains to be obligated as of March 2014. According to FEMA, of this amount, $78 million is under FEMA review and $734 million is pending information from Louisiana (or applicant) for FEMA to make funding decisions. The $734 million in unobligated funds includes phased projects, which are projects that FEMA funds incrementally, and incomplete, "placeholder" projects.[12] Therefore, although Louisiana plans to use the remaining unobligated funds for various types of mitigation activities, it has not provided FEMA with all the necessary information to make final funding decisions.

Louisiana Needed Time To Overcome Local Mitigation Planning Shortfalls

After Hurricanes Katrina and Rita, FEMA and Louisiana needed more than a year to build adequate capability to address the anticipated workload. Further, according to a FEMA official, at the time of Hurricane Katrina, only 3 of the 64 Louisiana parishes had

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[11] FEMA determines available HMGP funding based on a "lock-in" process. The lock-in amount is the guaranteed level of hazard mitigation funding for a disaster (see exhibit A).

[12] Phased projects are those that FEMA funds for only certain complex activities to allow the subgrantees to develop a full project description and scope of work of more complex work. The $734 million includes funds set aside for phased projects where funding of the second phase is dependent on the results of the first phase.

approved mitigation plans required for applicants to receive HMGP funding.[13] FEMA assisted Louisiana by providing additional resources to assist parishes in developing their local mitigation plans. By the end of 2006, FEMA accepted most of the local mitigation plans. Therefore, during the initial 12-month project application period, applicants were addressing FEMA's local mitigation planning requirement to receive available HMGP funding, as well as preparing their HMGP project applications.

FEMA Did Not Enforce Project Submission and Funding Deadlines

Due to the catastrophic nature of Hurricanes Katrina and Rita, FEMA did not enforce project submission and funding deadlines. Federal regulations require grantees to submit all project applications to FEMA within 12 months of the disaster declaration date, subject to a "not to exceed" extension timeframe of 180 days (44 Code of Federal Regulations (CFR) 206.436(e)). FEMA's HMGP Desk Reference, in effect for disasters declared between October 1999 and June 2009, states that FEMA can consider this additional 180-day timeframe "in the event of extraordinary circumstances."

However, FEMA did not stop at extending the submission deadline for an additional 180-day period, which would have ended in February 2007. Rather, in a series of time extension approvals, FEMA extended the timeframe for Louisiana to submit project applications for Hurricanes Katrina and Rita to October 30, 2009, more than 4 years after the two disasters.[14]

Additionally, according to FEMA's *HMGP Desk Reference*, FEMA was supposed to obligate funding for all approved projects submitted by the project application deadline by August 2007 (24 months after the major disaster declaration date). Regardless, FEMA did not enforce its own project funding guidelines. Although both Hurricanes Katrina and Rita were catastrophic events, FEMA has not changed the 24-month funding guideline for even catastrophic events. In a May 2013 policy memorandum, FEMA reemphasized its goal to fund projects within 24 months from the date of the major disaster declaration.

FEMA officials said it was impractical for FEMA to limit HMGP funding to the amount of approved project applications submitted by February 2007. We agree that it was prudent for FEMA to extend project submission deadlines and funding timeframes. However, FEMA cannot allow this process to go on indefinitely. It is FEMA's duty to fund mitigation projects to protect citizens from future disasters and to release unneeded funding. Doing so requires FEMA to enforce project submission and funding timeframes.

[13] For disasters declared on or after November 1, 2004 (less than a year before Hurricane Katrina), a local government must have a FEMA-approved mitigation plan to receive HMGP funding (44 CFR 206.434(b)(1)).
[14] Both Louisiana and FEMA cited Section 301 of the *Stafford Act*, *Waiver of Administrative Conditions*, as justification to request and approve these time extension requests.

These timeframes are important because they help ensure that the grantee does not exceed its capability to process and manage grant funds and FEMA does not keep funds allocated indefinitely. Therefore, consistent with its policy, FEMA should address the $812 million in unobligated funds. FEMA should (1) make funding decisions on the $78 million in projects currently under review, (2) establish a timeframe for Louisiana to provide the necessary information to make funding determinations on the remaining $734 million in unobligated funds, and (3) de-allocate all remaining unobligated funds.

FEMA Allowed "Placeholder" Project Applications

Louisiana was unable to develop several applications by FEMA's October 30, 2009, submission deadline. To circumvent this deadline, Louisiana submitted incomplete "placeholder" project applications to FEMA before the deadline so the projects would remain eligible for funding consideration. Although FEMA policy requires the grantee to submit complete applications, FEMA officials said they typically allow applicants to use placeholder applications when Louisiana requests them. As a result, FEMA commits itself to continue working with the grantee to develop these incomplete applications. However, in accepting placeholder projects, FEMA should not allow the grantee an indefinite amount of time to finalize the projects.

FEMA Region VI officials attributed the delays in obligating HMGP funds to Louisiana's not processing placeholder applications timely. Based on FEMA records, many of these applications provided limited information. For example, Louisiana submitted a project that listed a general scope of work such as statewide severe repetitive loss acquisition and elevation initiative, but did not include specific costs associated with the work for specific properties. Such applications are unacceptable because, without cost information, neither Louisiana nor FEMA can perform a benefit-cost analysis to determine eligibility.

Recognizing that placeholder projects delay project approval, FEMA headquarters issued a May 2013 policy memorandum stating that FEMA will no longer accept incomplete or placeholder applications. However, FEMA has committed to work with Louisiana to address incomplete applications that Louisiana submitted before the deadline. Therefore, FEMA should establish a reasonable timeframe for Louisiana to provide all the information FEMA needs to make funding determinations.

Finding B: FEMA and Louisiana Need a Strategy to Close HMGP Projects

Louisiana applicants have received $1 billion of the $1.35 billion that FEMA has obligated for approved HMGP projects. However, Louisiana has closed projects totaling only $15.4 million, or 1.1 percent of the $1.35 billion obligated. The most significant cause of the delay in closing HMGP projects is that neither FEMA nor Louisiana has established periods of performance for individual approved HMGP projects. If this problem continues, hazard mitigation projects risk remaining open indefinitely, while institutional knowledge, supporting documentation, and access to records disappear with the passage of time.

Status of Project Closures

FEMA and Louisiana have been slow to close HMGP projects. At Louisiana's request, FEMA closed two (1668 and 1685) of the nine disasters in our audit scope without obligating any of the $2.7 million of HMGP funds available for those two disasters (see table 2). For the remaining seven disasters, Louisiana had closed 132 of the 540 approved HMGP projects (or 24 percent) as of March 12, 2014. However, in terms of funding, the 132 closed HMGP projects represent only $15.4 million of the $1.35 billion obligated, or 1.1 percent.

Table 2: Status of Obligated Louisiana HMGP Funds by Disaster, March 2014

Disaster	Declaration Date	Total Lock-In Amount	Federal Funds Obligated	Louisiana Drawdown of Federal Funds[15]	Approved Projects (count)	Closed Projects	Value of Closed Projects
1603 (Katrina)	08-29-2005	[16] $1,722,818,666	$1,154,959,851	$895,135,370	332	79	$7,566,218
1607 (Rita)	09-24-2005	137,903,000	109,291,815	84,978,575	104	53	$7,863,395
1668 (Severe Storms)*	11-02-2006	2,539,771	0	0	0	0	0
1685 (Severe Storms)*	02-23-2007	178,320	0	0	0	0	0
1786 (Gustav)	09-02-2008	236,077,170	74,963,228	19,853,415	90	0	0
1792 (Ike)	09-13-2008	56,655,555	4,239,012	602,450	7	0	0
1863 (Severe Storms)	12-10-2009	939,168	489,514	0	2	0	0
4015 (Flooding)	08-18-2011	2,125,203	983,460	0	3	0	0
4041 (Lee)	10-28-2011	944,010	297,116	0	2	0	0
Audit Total		**$2,160,180,863**	**$1,345,223,996**	**$1,000,569,810**	**540**	**132**	**$15,429,613**

[15] FEMA's Financial Information Tool report indicated that Louisiana had drawn down $1 billion in Federal funds (including administrative allowances for 1603 (Katrina) and 1607 (Rita)) as of March 12, 2014, for the disasters in our scope.
[16] Congress approved and FEMA allocated an additional $389.6 million in November 2011 after Louisiana requested a recalculation of the lock-in amount in May 2011.

Subgrant Performance Periods

Contributing to Louisiana's delay in closing HMGP projects is that FEMA has not established periods of performance for individual approved HMGP projects. Rather, FEMA will establish one performance period for Louisiana to complete all HMGP projects in the grant—not for each approved project. Federal regulations define a grant's period of performance as the time the grantee has to complete all grant activities and expend approved funds. FEMA modified its HMGP period of performance guidance in effect at the time of Hurricane Katrina to be consistent with its 2009 Hazard Mitigation Unified Guidance, which states that the period of performance termination date is 3 years from the approval date of the last subgrant for the disaster.[17] FEMA guidance further states that FEMA may not establish activity completion timeframes for individual subgrants. Therefore, until FEMA approves the last subgrant for each of the seven open disasters, it cannot establish a period of performance termination date.

Additionally, Louisiana also does not assign individual project completion dates but rather follows FEMA's 3-year requirement from the approval date of the last subgrant for the disaster. Without a termination date, hazard mitigation projects risk remaining open indefinitely, while institutional knowledge, supporting documentation, and access to records disappear with the passage of time. For perspective, even if FEMA approved all Hurricane Katrina-related projects by the end of 2014, the period of performance termination date would be the end of 2017, over 12 years after Hurricane Katrina made landfall. To be effective, subgrantees need to complete mitigation projects as quickly as possible.

Therefore, FEMA needs to establish a reasonable timeframe for Louisiana to develop and implement a comprehensive strategy to establish completion deadlines for each approved incomplete project and to close existing approved completed projects. Additionally, FEMA and Louisiana should establish and implement enforceable criteria for reviewing and approving time extension requests and develop a strategy for reducing or withdrawing funding for projects that do not warrant further time extensions.

[17] According to the HMGP project approval timeline discussed earlier, if FEMA approved all projects within 24 months of the date of the major disaster declaration, the period of performance would terminate 3 years later, for a total project life cycle from disaster declaration to project completion of 5 years.

CONCLUSION

We acknowledge FEMA's continuing efforts to ensure that the HMGP moves forward according to Federal statutes, regulations, and guidelines. However, the $812 million of unobligated HMGP funds represents missed or delayed opportunities to protect the lives and property of Louisiana citizens from future disasters. Therefore, FEMA should develop and implement aggressive plans to (1) address the approximately $812 million in unobligated funds, (2) establish periods of performance for each approved project, and (3) close approved projects.

RECOMMENDATIONS

We recommend that the Regional Administrator, FEMA Region VI:

Recommendation #1: Establish a reasonable timeframe for Louisiana to provide remaining data for projects previously submitted in order for FEMA to make funding determinations (finding A).

Recommendation #2: Ensure that Louisiana develops and implements a comprehensive strategy to meet FEMA's timeframe for submitting remaining project data for all incomplete HMGP applications (finding A).

Recommendation #3: De-allocate all remaining unobligated funds (approximately $812 million as of March 2014) after making funding determinations (finding A).

Recommendation #4: Ensure that Louisiana develops and implements a comprehensive strategy to close all HMGP projects (finding B).

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the results of our audit with FEMA and Louisiana officials during our audit and included their comments in this report, as appropriate. We also provided a draft report in advance to FEMA and Louisiana officials and discussed it at exit conferences with FEMA officials on November 21, 2013, and April 16, 2014; and with Louisiana officials on April 24, 2014. FEMA officials generally agreed with the findings and recommendations in this report. Louisiana officials said the findings were clear and understandable, but withheld comment on the recommendations.

Within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include the contact information of responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation. Until we receive your response, we will consider these recommendations open and unresolved.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Major contributors to this report are Christopher Dodd, Acting Director; Moises Dugan, Audit Manager; John Polledo, Acting Audit Manager; James Mitchell, Auditor-in-Charge; and Tai Cheung, Program Analyst.

Please call me with any questions at (202) 254-4100, or your staff may contact Christopher Dodd, Acting Director, Central Regional Office, at (214) 436-5200.

Exhibit A

Hazard Mitigation Grant Program Requirements

HMGP Funding Process

HMGP funds are limited to the lock-in amount for a particular disaster declaration. The lock-in amount is the guaranteed level of hazard mitigation funding for a disaster. FEMA determines the lock-in amount based on a percentage of the estimated total Federal disaster assistance under the *Stafford Act* for each declared major disaster.[18] For the disasters in our audit, FEMA initially set the minimum lock-in amount based on total disaster funding at 6 months after the disaster declaration, and usually finalized the total funding at 12 months. The grantee may request that FEMA review the final lock-in amount based on funding levels at 18 months for catastrophic disasters.

FEMA can fund up to 75 percent of the eligible mitigation costs of each disaster. The grantee or the subgrantee must incur the 25 percent non-Federal cost share. The grantee can (1) apply the non-Federal cost share to each individual project, (2) allow projects to have varying cost shares as long as the combined non-Federal cost share ratio of all the projects for the disaster is at least 25 percent, or (3) use a global match concept. The non-Federal cost share can be a combination of cash and in-kind sources.

For disasters declared after November 13, 2007, FEMA also established a separate lock-in amount for grantee management costs associated with hazard mitigation work. FEMA calculated the management cost lock-in at 4.89 percent of the total grant lock-in amount. FEMA included grantee management costs for disasters declared before November 2007 with the disaster locked-in amount; and provided separate administrative allowances to the grantees and subgrantees. The type of mitigation plan FEMA approves for a particular grantee also impacts HMGP funding levels for planning. A grantee with an approved Standard Grantee Mitigation Plan is eligible to receive between 7.5 and 15 percent of the total disaster grants awarded. A grantee with an Enhanced State Mitigation Plan is eligible to receive up to 20 percent of the total disaster grants awarded. FEMA approved Louisiana's Standard Mitigation Plan in November 2005 and approved the plan's updates in 2008 and 2011. The next update is due in April 2014.

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[18] FEMA calculates the lock-in amount based on contributing funding sources from *Stafford Act* Sections 403, *Essential Assistance*; 406, *Repair, Restoration, and Replacement of Damaged Facilities*; 407 *Debris Removal*; 408 *Federal Assistance to Individuals and Households*; 410 *Unemployment Assistance*; 416 *Crisis Counseling Assistance and Training*; and 701 *Rules and Regulations*.

Exhibit A (continued)

Grant Activity Timeframes

Application Periods

For HMGP, the State must submit all project applications to FEMA within 12 months of the disaster declaration date. FEMA may extend the application deadline by 30- to 90-day increments, not to exceed a total of 180 days. FEMA will complete reviews and obligate funds for all approved applications within 24 months of the disaster declaration date, whenever possible, after which, unused authorized (lock-in) funds are no longer available. FEMA can review and approve cost overruns at closeout.

Period of Performance

The period of performance is the time the grantee has to complete all grant activities, and incur and expend approved funds. The Hazard Mitigation Assistance Unified Guidance, dated June 1, 2010, states that the performance period begins on the date that FEMA approves the final subgrant of a disaster and ends no later than 36 months from the award of the final subgrant under the disaster.[19] Therefore, the subgrant with the latest completion date establishes the grant's performance period termination date. In other words, FEMA does not establish completion timeframes for individual subgrants, but rather for the entire disaster.

Grant Closeout

FEMA's Hazard Mitigation Assistance Unified Guidance states that grantees should closeout subgrants as subgrantees complete activities and should liquidate valid expenditures within 90 days following the expiration of the performance period. The guidance does not provide a closeout timeframe, but grantees are required to maintain grant records for at least 3 years from the submission date of their last expenditure report according to 44 CFR 13.42. In the *HMGP Desk Reference*, in effect for disasters declared between October 1999 and June 2009, FEMA estimated that the grantee should complete HMGP closeouts within 2 years or less after subgrantees complete all approved work.

[19] The FY 2013 Hazard Mitigation Assistance Unified Guidance, dated July 12, 2013, changed the performance period start-time to the opening of the application period and ending no later than 36 months from the close of the application period.

Exhibit B

Stakeholder Roles and Responsibilities

FEMA, the grantee, and the eligible subgrantee have specific roles and responsibilities in the hazard mitigation assistance process. FEMA, as the Grantor, establishes criteria, assists with setting priorities, provides technical assistance, calculates the amount of available funding, reviews applications, obligates funds, and oversees and administers the hazard mitigation assistance programs.

The grantee manages hazard mitigation assistance programs within its jurisdiction and ensures that it has an approved Mitigation and Administrative Plan to implement the hazard mitigation assistance programs. For HMGP subgrantees, the grantee establishes mitigation priorities, solicits and processes applications, provides technical assistance to subgrantees, reviews and selects eligible projects based on grantee priorities, and submits selected projects to FEMA for final eligibility review. The grantee is also responsible for managing and monitoring the day-to-day operations of grant and subgrant activities to achieve performance goals and ensure compliance with applicable Federal requirements.

Eligible subgrantees develop local mitigation plans and submit project applications, distribute funds to subrecipients (e.g., property owners), manage the implementation of the approved projects, account for grant funds to the grantee, and maintain records on the program and projects as required by applicable law, regulations, and FEMA policies.

Exhibit C

HMGP Funds Obligated to Louisiana from September 1, 2005, to March 12, 2014[20]

Subgrantees	Disaster Grants (HMGP)						
	1603	1607	1786	1792	Others	Grand Total	Percent
Office of Community Development	$ 617,116,797	$ 21,000,000	$ 0	$ 0	$ 0	$ 638,116,797	47.44%
State of Louisiana	141,249,883	9,505,996	18,455,923	2,641,297	186,869	172,039,968	12.79%
Jefferson Parish	69,779,675	35,420,847	7,845,842	0	0	113,046,364	8.4%
Orleans Parish	43,547,168	18,969,293	1,345,936	0	0	63,862,397	4.75%
Terrebonne Parish	18,298,344	2,642,204	17,853,953	577,682	253,106	39,625,289	2.95%
St. Bernard Parish	34,342,319	4,200,000	439,200	0	0	38,981,519	2.9%
LA Department of Health and Hospitals	32,000,000	0	0	0	0	32,000,000	2.38%
St. Charles Parish	26,073,541	634,428	1,395,912	0	0	28,103,881	2.09%
New Orleans Sewerage Water	19,273,000	65,540	0	0	0	19,338,540	1.44%
City of Slidell	17,633,082	150,000	0	0	0	17,783,082	1.32%
Plaquemines Parish	16,750,102	584,522	78,993	0	0	17,413,617	1.29%
St. Tammany Parish	11,161,559	2,377,969	432,861	952,962	0	14,925,351	1.11%
Vermilion Parish	12,647,057	349,290	1,060,772	0	0	14,057,119	1.04%
Others (113 subgrantees)	95,087,324	13,391,726	26,053,836	67,071	1,330,115	135,930,072	10.10%
Totals	**$1,154,959,851**	**$109,291,815**	**$74,963,228**	**$4,239,012**	**$1,770,090**	**$1,345,223,996**	**100%**

[20] Source: Enterprise Data Warehouse.

Appendix

Report Distribution

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House Committee on Homeland Security
House Committee on Oversight and Government Reform
House Committee on Transportation and Infrastructure

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Office of Inspector General, Mail Stop 0305
Attention: Office of Investigations Hotline
245 Murray Drive, SW
Washington, DC 20528-0305

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