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**STATEMENT FOR THE RECORD**

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**BEFORE THE**

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**COMMITTEE ON APPROPRIATIONS**

**U.S. HOUSE OF REPRESENTATIVES**

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Good morning, Mr. Chairman and Members of the Subcommittee. I am Matt Jadacki, Deputy Inspector General for the Department of Homeland Security. Thank you for the opportunity to discuss the Federal Emergency Management Agency's (FEMA) level of preparedness.

As has been reported, FEMA's efforts to support state emergency management and to lead the federal response and recovery efforts after Hurricane Katrina were insufficient. While FEMA has made progress in being better prepared for a future catastrophic disaster, it still has much to do to become a cohesive, efficient, and effective organization.

Today, I would like to focus my remarks on FEMA's progress to prepare for a catastrophic incident. Our goal is to help FEMA turn lessons learned into problems solved.

## **Background**

In responding to emergency situations, whether natural or manmade, current doctrine dictates that government agencies and organizations most local to the situation act as first responders. When state and local governments become overwhelmed by the size or scope of the disaster, state officials may request assistance from the federal government; so federal agencies must always be prepared to provide support when needed. President Carter issued an executive order in 1979 that called for merging many of the separate disaster-related federal functions into one agency, Federal Emergency Management Agency (FEMA). Following the terrorist attacks of September 11, 2001 (9/11), the *Homeland Security Act of 2002* (P.L. 107-296) (*Homeland Security Act*) realigned FEMA and made it part of the newly formed Department of Homeland Security (DHS).

FEMA's statutory authority comes from the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended (P.L. 100-707) (*Stafford Act*), which was signed into law in 1988 and amended the *Disaster Relief Act of 1974* (P.L. 93-288). To access federal assistance under the *Stafford Act*, states must make an emergency or major disaster declaration request that is reviewed by FEMA for presidential approval. The *Stafford Act* also permits FEMA to anticipate declarations, and pre-stage federal personnel and resources when a disaster threatening human health and safety is imminent, but not yet declared.

Hurricane Katrina, which made landfall on August 29, 2005, was the Nation's most costly natural disaster, killing more than 1,600 individuals, destroying 200,000 Gulf Coast homes, and displacing about 1 million people. Current estimates suggest that Hurricane Katrina caused over \$81 billion in damages.

Reports issued by Congress, the White House, federal Office of Inspectors General (OIG), and the Government Accountability Office (GAO), among others identified issues, including questionable leadership decisions and capabilities, organizational failures, overwhelmed response and communications systems, and inadequate statutory authorities, as contributors to the poor response.

Post Katrina, Congress enacted a number of changes to enhance the federal government's response capabilities for emergency management. In total, six statutes enacted by the 109th Congress contain changes that apply to future federal emergency management actions. While most of the laws contained relatively few changes to federal authorities related to emergencies and disasters, the *Post Katrina Emergency Management Reform Act of 2006*, (P.L. 109-295, Title VI – National Emergency Management, of the *Department of Homeland Security Appropriations Act of 2007*) (*Post Katrina Act*) contained many changes that have long-term consequences for FEMA and other federal entities. That statute reorganizes FEMA, expands its statutory authority, and imposes new conditions and requirements on the operations of the agency.

When a catastrophic event occurs, it is important to keep in mind that response and recovery are not solely a FEMA responsibility—it is inherently the Nation's responsibility. The National Response Plan (NRP), now the new National Response Framework (NRF), was established to marshal all the Nation's resources and capabilities to address threats and challenges posed by disasters, both natural and manmade. This concept made it different from the old Federal Response Plan, which primarily outlined the federal government's role in disasters. A successful response to and subsequent recovery from a catastrophic event can therefore be directly tied to the resources and capabilities of citizens, local and state governments, the federal government, nongovernmental organizations, and the private sector. FEMA is the face of our Nation's response to large-scale disasters and is charged with coordinating the deployment of our Nation's resources and capabilities, but success can be realized only when all stakeholders are fully prepared and willing to contribute.

FEMA is addressing many areas identified in the post Katrina reports mentioned above and is in various stages of implementing the requirements of the *Post Katrina Act*. Recent work conducted by our office indicated that FEMA is making some progress in key preparedness areas—some more than others. However, since much of the work has not been completed and many statutory deadlines were missed, overall progress is limited. The following sections describe critical preparedness areas that FEMA is currently addressing. FEMA needs to remain focused on each of these areas to improve its overall preparedness posture.

## **Overall Planning**

In September 2006, DHS initiated a review and revision process of the NRP to adopt lessons learned from Hurricane Katrina and other disasters. In January 2008, FEMA issued the NRF, which will replace the NRP on March 22, 2008. The development and issuance of the NRF is an important milestone from which other planning can flow, but it is important to keep in mind that the National Response “Framework” is only a single component in the national preparedness architecture and much more needs to be done, particularly in respect to developing operational plans that describe specific federal department and agency resources, personnel, and asset allocations necessary to support the response to a disaster. This was underscored in the September 10, 2007, draft of the NRF where the authors stated, “we are still not where we need to be” and “much has been done, but still more lies ahead.” We agree with these statements and remain concerned that the operational plans that govern the federal response to a disaster are

incomplete or have not been adequately reviewed or tested. It should also be noted that the NRF has yet to be tested or exercised.

The NRF emphasizes the importance of planning as the cornerstone of national preparedness, and the National Preparedness Guidelines refers to emergency planning as a national priority. As part of the National Preparedness Guidelines, DHS developed 15 National Planning Scenarios to establish the range of response requirements to facilitate preparedness planning. The scenarios are intended to be planning tools that are representative of the range of potential terrorist attacks and natural disasters, and the related impacts that face our Nation. The NRF groups the 15 National Planning Scenarios into eight key scenario sets that reflect common characteristics such as an explosive, nuclear, or chemical attack. However, federal strategic, concept, and operational plans for each of the 15 National Planning Scenarios need to be finalized and/or tested. To FEMA's credit, a national strategy for pandemic influenza, which is one of the eight key scenario sets identified in the NRF, was published in November 2005. A concept of operations plan has been drafted, and each key federal department and agency has drafted individual operational plans that describe how it will employ specific resources, personnel, and assets. This same type of planning now needs to be accomplished for the remaining seven scenarios.

In respect to the NRF's annexes, FEMA is currently revising the Emergency Support Function (ESF) Annexes, Incident Annexes, and Support Annexes, to reflect the evolution of the NRF. The ESF Annexes describe how the federal government groups and manages its resources and capabilities before, during, and after an incident. There are 15 functional ESF categories, such as communications, mass care, and search and rescue. The Incident Annexes describe how the NRF is applied to various types of incidents, such as biological, cyber, and food and agriculture incidents. The Support Annexes describe essential supporting aspects of the federal response that are common to all incidents, such as financial management and private sector coordination. All of these Annexes will now need to be adapted to and harmonized with the 15 National Planning Scenarios, and updated to reflect the evolution of the NRF.

Finally, the NRF describes collaboration as a critical aspect of successful response planning. It is vital that DHS develop a mechanism that integrates strategic, concept, and operational planning.

### **Interoperable Communications**

Hurricane Katrina caused significant damages and outages to the entire telecommunications infrastructure in the Gulf region, seriously delaying reporting and coordination, and consequently affecting the efficiency and effectiveness of response efforts. Communication among those responding to a disaster is an essential element of a successful response and recovery effort, yet it is generally recognized that the inability to communicate effectively was one of the major impediments to Hurricane Katrina response efforts. The National Commission on Terrorist Attacks Upon the United States (9-11 Commission) had previously identified interoperable communications between emergency responders as a major challenge.

Subsequent to Hurricane Katrina, numerous reports and recommendations identified a wide range of necessary corrective actions related to interoperability. These actions range from improved planning to coordination between all levels of government and the private sector, to operational enhancements, such as technological improvements emphasizing wireless communications. The President's National Security Telecommunications Advisory Committee reported in January 2007 that interoperability challenges recognized after 9/11 and Hurricane Katrina included a lack of interoperable equipment at the tactical level, ineffective use of available communications assets caused by poor resource planning, and an overall lack of integrated command structures to enable interoperability.

Multiple components within DHS and FEMA have roles and responsibilities for improving interoperable communications, which is a vital element of disaster response. The duties of the FEMA administrator, as described in the NRF and *Post Katrina Act*, include preparing for all-hazard incidents and helping ensure the acquisition of operable and interoperable communications capabilities by federal, state, local, and tribal governments and emergency response providers. It is imperative that DHS and FEMA improve interoperable communications capabilities among all levels of government.

## **Logistics**

In April 2007, as part of the FEMA reorganization, Logistics was elevated from a branch to a directorate-level program office. The Logistics Management Directorate (LMD) is the agency's major program office responsible for logistics policy, guidance, standards, execution, and governance of logistics support, services, and operations. Its mission is to effectively plan, manage, and sustain the national logistics response and recovery operations, in support of domestic emergencies and special events. LMD is organized around four core competencies:

- Logistics Operations;
- Logistics Plans and Exercises;
- Distribution Management; and
- Property Management.

In times of domestic disasters, FEMA's LMD responsibilities include acquiring, receiving, storing, shipping, tracking, sustaining, and recovering commodities, assets, and property.

LMD's ability to track commodities is one of the keys to fulfilling its mission. The disasters of 2004 and 2005 highlighted FEMA's lack of standardized policies and procedures, and multiple, independent computer- and paper-based systems. During Hurricane Katrina, FEMA largely relied on the Logistics Information Management System (LIMS) for property management, and manual spreadsheets and paper processes, telephones, faxes, and emails to track and gain visibility over commodities movements. FEMA management is now focused on improving the logistics core competencies to a level that will effectively and efficiently respond to a catastrophic disaster.

In 2004, LMD began testing a pilot program to track total asset visibility, which involved putting tracking units on selected trucks to monitor their movement. This system was still in the concept phase when Hurricane Katrina struck. About 25% to 33% of the trucks were equipped with tracking units during this disaster. Since Katrina, there has been further development. The system is now able to track more than 200 types of commodities, with an emphasis on the “Big 8”: water, emergency meals, blue roof plastic sheeting, tarps, cots, blankets, temporary housing units, and generators. FEMA officials report, however, that there are still gaps in the system.

The system is used at FEMA headquarters and all 10 regions. Additionally, there is a warehouse management system at the distribution centers in Atlanta, Georgia, and Fort Worth, Texas, which manages the inventory stored at these centers. However, there are no current plans to expand this warehouse management system to the other distribution centers.

Another challenge FEMA has had to grapple with is whether to pre-position commodities. Since Katrina, FEMA has reevaluated its policy on pre-positioning and has determined that pre-positioning commodities does not make sense from a logistics or financial point of view. Instead, FEMA is focusing on meeting disaster needs by obtaining goods through agreements with other federal agencies and the private sector.

FEMA has interagency agreements with key partners, including:

- Defense Logistics Agency,
- U.S. Army Corps of Engineers,
- The Department of Transportation,
- The American Red Cross (Red Cross), and
- The General Services Administration.

FEMA’s goal is to be able to sustain efforts at 100% of requirements within 72 hours of a disaster. These interagency agreements include:

- Meals-ready-to-eat,
- Fuel,
- Ice,
- Medical Supplies,
- Water,
- Cots,
- Blankets,
- Tarps, and
- Heavy equipment.

Each agency will be responsible for tracking its assets and working closely with FEMA and its total asset visibility staff. The agreement with the Red Cross will also allow for coordination with other nongovernmental organizations for feeding people in shelters and communities.

FEMA’s disaster response culture has supported the agency through many crisis situations. However, FEMA’s reactive approach has traditionally encouraged short-term fixes rather than

long-term solutions, contributing to the difficulties FEMA has encountered in supporting response and recovery operations. Without taking the time to fully define and document systems requirements, it is difficult for FEMA to evaluate viable alternatives to its custom-designed systems. Also, the reactive manner in which information technology systems are funded and implemented has left little time for proper systems testing before they are deployed.

It is essential that FEMA possess the capability to track assets real-time, across federal, state, and local organizations. Our office has recently completed an in-depth review of the logistics system currently in use and the report will be issued shortly.

## **Evacuations**

Evacuation planning is complex and must consider a number of scenarios. Recent reports have indicated that despite warnings and mandatory evacuation orders, a significant number of individuals will not leave their homes. Others may not have the ability to evacuate even if they want to because of health issues or lack of transportation. Local and state officials are in the best position to develop evacuation plans based on local demographics. However, it is critical that the federal government coordinate with state and local governments because in a catastrophic event, it is likely the federal government will play a major role in the evacuation.

Federal evacuation assistance may include the reimbursement of costs incurred by the state or may include direct assistance such as providing buses, trains, and air ambulances. In the aftermath of Hurricanes Katrina and Rita, it became apparent that the federal government might need to put resources into place proactively when state and local governments delay or are unable to request assistance. The *Post Katrina Act* authorizes FEMA to provide accelerated federal assistance to respond to a disaster. FEMA is now working with state and local officials to identify shortcomings in existing evacuation plans and find ways to address those shortcomings prior to a disaster.

FEMA plans to take a more active role in evacuating victims during a catastrophic disaster and will provide support when state and local governments cannot handle the evacuation process. The Department of Transportation will be responsible for some transportation functions; however, FEMA has taken over the responsibility for standby contracts for air, bus, and rail support.

In response to Hurricane Katrina, it was initially difficult for FEMA to identify the number and location of evacuees, as well as the need for shelters. The first activation of FEMA as coordinator for Emergency Support Function - 6 (Evacuation) was in response to Hurricane Katrina, but roles and responsibilities were not clearly defined or established. The Red Cross said they were responsible only for coordination and reporting on their mass care operations, while FEMA said they relied heavily on the Red Cross to coordinate mass care operations and reporting. As a result of the shortcomings in the Hurricane Katrina response, a National Shelter System was developed, and FEMA and the Red Cross will continue to refine and improve this new system. The National Shelter System will assist FEMA and the Red Cross in being able to

identify the location, managing agency, capacity, current population, and other relevant information for shelters being run in response to incidents.

## **Housing**

After a Presidential disaster declaration, FEMA leads the federal response by coordinating federal resources to support local, tribal, and state governments, and voluntary agencies, in providing housing to those displaced by a disaster. One of the major criticisms of FEMA after Hurricane Katrina focused on FEMA's inability to provide immediate, short-term housing assistance to evacuees, and then transition those still in need to more permanent forms of housing.

In any major disaster, the availability of hotels, motels, and other rental units for disaster victims within a reasonable commute is very limited due to damage to these facilities. Housing assistance for disaster victims may include:

- Factory-built, semi-permanent, or permanent construction housing, including handicapped-accessible housing;
- Rental, repair, or replacement assistance;
- Loan assistance; and
- Referrals and access to other sources of housing assistance.

The Department of Homeland Security Appropriations Act of 2007 mandated that FEMA develop a National Disaster Housing Strategy (P.L. 109-295, Sec. 683). FEMA officials said that this draft housing strategy is currently being reviewed by FEMA, HUD, and other key stakeholders. However, GAO recently reported<sup>1</sup> that FEMA generally has not coordinated with the National Council on Disability in implementation of various initiatives. The strategy will focus on sheltering, interim, and permanent housing, as well as the various populations to be served. This strategy will not only guide FEMA and other federal agencies during disasters, but also will help identify operational gaps and additional authorities needed to improve sheltering and housing operations. The strategy should be flexible and scalable to meet the unique needs of individual disasters. FEMA needs to improve communications with state and local governments, and other agencies, with respect to disaster housing assistance, as well as improve the program guidance for state and local governments. These efforts should improve housing coordination, but are untested.

Recently, the Centers for Disease Control and Prevention and FEMA released the preliminary results of the testing for formaldehyde in travel trailers and mobile homes used in the Gulf region to house Hurricane Katrina evacuees. The test results indicate that unacceptable levels of formaldehyde were detected in both types of units. The FEMA administrator stated, "We [FEMA] will not ever use trailers again." We plan to review FEMA's current use of travel trailers and mobile homes, as well as their progress in developing alternative strategies for

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<sup>1</sup> *National Disaster Response: FEMA Should Take Action to Improve Capacity and Coordination between Government and Voluntary Sectors*, GAO-08-369, February 2008.

housing evacuees. Due to the recent developments on mobile homes and travel trailers, FEMA may modify this housing policy.

## **Disaster Workforce**

The need for a trained, effective disaster workforce is one issue mentioned consistently in reports regarding FEMA's response to Hurricane Katrina. FEMA's disaster workforce consists mainly of reservists who serve temporarily during a disaster with no employee benefits. FEMA struggled to provide adequate staff in response to Hurricane Katrina and did not have the automated support needed to deploy over 5,000 disaster personnel on short notice. New hires did not receive adequate training during FEMA's accelerated orientation process, and FEMA lacked a central training records management system. The shortage of qualified staff for key positions responding to Hurricane Katrina negatively impacted the effectiveness of FEMA's response and recovery operation.

The *Post Katrina Act* provides for the rebuilding of FEMA's permanent and reserve workforces through tools such as a strategic human capital plan, structured career paths, and recruitment and retention bonuses. The *Post Katrina Act* also requires a plan to establish and implement a surge force, including an adequate number of properly trained personnel to meet specific response-team capabilities.

As FEMA and DHS have evolved, the disaster workforce structure and systems have not kept pace. Since 1992, FEMA has initiated 12 studies to look at the use and structure of its disaster workforce; however, FEMA has not implemented the recommendations from any of those studies. In FY 2006, FEMA obligated over \$2 million for another examination of its disaster workforce, to remedy problems in three major areas: workforce structure, automated workforce management systems, and training and credentialing. This initiative resulted in a report entitled "FEMA: A New Disaster Reserve Workforce Model," dated September 30, 2007. FEMA is in the planning stages of implementing recommendations from this study.

## **Mission Assignments**

FEMA is responsible for coordinating the urgent, short-term emergency deployment of federal resources to address disaster needs, and it uses mission assignments (MA) to accomplish this. FEMA is also responsible for stewardship of the associated expenditures from the Disaster Relief Fund. Past audits and reviews regarding MAs have concluded that FEMA's management controls were generally not adequate to ensure:

- Deliverables met requirements;
- Costs were reasonable;
- Invoices were accurate;
- Federal property and equipment were adequately accounted for or managed; and
- FEMA's interests were protected.

MA policies, procedures, training, staffing, and funding have never been fully addressed by FEMA, creating misunderstandings among federal agencies concerning operational and fiduciary responsibilities. FEMA guidelines regarding the MA process, from issuance of an assignment through execution and close-out, are vague.

In November 2007, FEMA initiated an ambitious project to re-engineer the processes, relationships, and resources involved in managing MAs. Reflecting upon lessons learned from Hurricane Dean, the California wildfires, and TOPOFF-4, FEMA's Disaster Operations Directorate formed an intra/interagency Mission Assignment Working Group (MAWG) to review MA processes and procedures, and develop recommendations for the management of MAs. The effort focused on meeting the goals of FEMA's FY2008-2013 Strategic Plan issued in draft in November 2007, complying with congressional mandates, and responding to various audits and studies. It is anticipated that the review, development, and implementation of these improvements will be completed by June 2008. Our office will continue to review and assess the MA process as it is reengineered.

## **Acquisition**

Acquisition management is more than awarding a contract or grant, it is the entire process that begins with identifying and clarifying a mission need, and ends with the final close-out of an award. When good acquisition management is not in place, response capabilities are weakened, taxpayer money is often wasted, and the public's trust in the government falls. In the wake of Hurricane Katrina, we focused substantial work on FEMA acquisitions. FEMA was not well prepared to provide the kind of acquisition support needed for a catastrophic disaster. FEMA's contract actions went from about \$1 billion in FY 2004 to over \$4.6 billion in FY 2005, the year Hurricane Katrina struck. In FY 2006 FEMA's contract actions grew to \$7 billion. This growth occurred without a commensurate increase in contracting personnel and resources, which increased FEMA's vulnerability to waste, fraud, and abuse.

FEMA's acquisition function was heavily tasked in responding to Hurricanes Katrina and Rita, and suffered from several shortcomings including:

- Inadequate acquisition planning and preparation for many crucial needs;
- Lack of clearly communicated acquisition responsibilities among FEMA, other federal agencies, and state and local governments; and
- Insufficient numbers of acquisition personnel to manage and oversee contracts.

Post Katrina, FEMA management has focused on developing the acquisition function to a level that can better respond to another catastrophic disaster.

FEMA recognized the need to improve acquisition outcomes and has taken some positive steps including the execution of pre-negotiated or "readiness" contracts to be activated when disaster strikes. The Office of Acquisition Management (OAM) has awarded approximately 27 pre-negotiated response contracts and 70 pre-negotiated recovery contracts. It has also entered into

interagency agreements with other federal agencies, which will allow FEMA to use those agencies' existing contracts. Additionally, OAM created a new Acquisition Programming and Planning Branch, which will work with program areas and assist with pre-disaster contracting.

When Hurricane Katrina struck, FEMA had 35 contracting staff. There are now 136 contracting staff on board. Additionally, the contract writing system is being upgraded; the Emergency Acquisition Field Guide, which helps disaster support team members follow the proper acquisition procedures, has been updated; and more than 700 program officials have been trained and certified as contracting officer's technical representatives. FEMA has also developed Contract Administration Plans, which provide guidance for post-award contract execution.

In FY 2008, we will continue to evaluate FEMA's acquisition function, including reviews on internal controls, disaster acquisition workforce, and acquisition processes. We also plan to review a select number of 2007 disaster contracts to assess the extent to which FEMA has improved its ability to track, manage, and monitor disaster contracts.

The urgency and complexity of FEMA's mission will continue to demand effective acquisition strategies in preparing for, preventing, responding to, and recovering from disasters. While DHS continues to build its acquisition management capabilities in the component agencies and on the department-wide level, acquisition management will continue to be an important area of oversight for our office.

## **Conclusion**

We are currently reviewing and evaluating FEMA's preparedness for effective disaster response, particularly for a catastrophic event. This project stems from a July 31, 2007, hearing before the House Committee on Oversight and Government Reform. The hearing objective was to review FEMA's preparedness to handle a future disaster. During that hearing, I testified that the "New FEMA" had made progress in many areas related to disaster preparedness, but that generally FEMA was not fully prepared for a catastrophic disaster. The Committee, in turn, requested that we provide a high-level assessment of FEMA's preparedness for the next catastrophic disaster.

This review is the second in a planned series of scorecard assessments to determine the extent of progress made and the status for selected functions and activities within DHS. Our plan is to have a report to Congress in early April. With the report, Congress will have added insight on what it can do to facilitate FEMA's ability to respond to the next catastrophic incident. We are conducting more in-depth reviews on specific FEMA functions, including most of those discussed in this testimony.

The title of this hearing asks, "Is the Agency on the Right Track?" We believe the answer to this question is yes. However, I would like to mention three broad concerns that merit attention:

- **Strategic Planning:** Is FEMA engaged in a comprehensive planning effort that spans directorates, prioritizes needs and actions, and maximizes federal resources? Does FEMA require more full-time personnel and a larger budget so that it can plan, mitigate,

and respond—all at the same time? If planners and responders are one in the same, when disaster strikes and responders deploy to the field, planning is often delayed or stopped.

- Sustainability: Can the agency maintain momentum and continue to implement needed changes, particularly in light of budget and personnel challenges?
- Staffing: In an environment rife with turnover, especially in leadership positions, how can FEMA retain experienced staff, and also recruit and train new staff to build a highly qualified disaster management workforce?

Let me end my statement with reiterating our goal and intention, which is to take the lessons learned from the response to Hurricane Katrina and assist FEMA to form the foundation for critical improvements to prepare for the response to the next catastrophic event.

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Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions that you or the Committee Members may have.