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**STATEMENT FOR THE RECORD**

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**BEFORE THE**

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

**U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC**

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Good morning, Chairman Waxman, Ranking Member Davis and Members of the Committee. Thank you for the opportunity to be here today.

In the two years since Hurricane Katrina struck, a number of Federal agencies, private sector organizations, and public offices issued reports addressing the Federal government's poor response. Reports issued by the House Select Bipartisan Committee to Investigate the Preparation For and Response to Hurricane Katrina and a report from the White House identified many weaknesses and shortcomings that had a direct effect on our citizens. We are in the midst of hurricane season, and there are a myriad of issues that have to be addressed in preparation for the next catastrophic event.

Today, I would like to focus my remarks on the Federal Emergency Management Agency (FEMA) and its plans to meet the next catastrophic incident. There are five critical areas I will address:

- Coordination of Disaster Response Efforts;
- Catastrophic Planning;
- Logistics and Acquisitions;
- Housing; and
- Evacuation.

Our goal is to help FEMA turn lessons learned into problems solved.

### Overview

FEMA's efforts to support state emergency management and to prepare for Federal response and recovery in natural disasters were insufficient for an event of Hurricane Katrina's magnitude. Reports issued by Congress, the White House, Federal offices of Inspector General, and the Government Accountability Office (GAO), among others, identified issues including, questionable leadership decisions and capabilities, organizational failures, overwhelmed response and communication systems, and inadequate statutory authorities.

As a result, 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 new laws contain relatively few changes to Federal authorities related to emergencies and disasters, the Post-Katrina Emergency Management Reform Act of 2006 (Post-Katrina Act) contains many changes that will 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.

The integration of FEMA, all hazards preparedness, and disaster response and recovery capabilities within DHS requires additional attention. Because of the terrorist attacks of September 11, 2001, DHS' prevention and preparedness for terrorism overshadowed that for natural hazards, both in perception and in application. Although an "all-hazards" approach can address preparedness needs common to both man-made and natural events, DHS must ensure

that all four phases of emergency management –preparedness, response, recovery, and mitigation – are managed throughout the department on an all-hazards basis. Coordination and consultation among DHS components and with state and local governments is essential to guide, advise, develop, and monitor all-hazards capability and responder effectiveness. Many of these issues have been and are currently being addressed. Although FEMA finds itself in a better position today than it did two years ago in response to Katrina, its response and changes to address the next catastrophic disaster remain untested.

### **Coordination of Disaster Response Efforts**

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) 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 only be realized when all stakeholders are fully prepared and willing to contribute.

### **The National Response Plan and National Incident Management System**

In March 2006, we issued a report entitled, *A Performance Review of FEMA's Disaster Management Activities in Response to Hurricane Katrina* (OIG-06-32, March 2006). This report details FEMA's responsibility for three major phases of disaster management, i.e., preparedness, response, and recovery, during the first five weeks of the Federal response to Hurricane Katrina. We evaluated FEMA's preparedness and readiness efforts over the past ten years to determine its organizational capability and position prior to Hurricane Katrina. We reviewed whether FEMA's authorities, plans and procedures, organizational structure, and resources were adequate and effective.

FEMA's initial response was significantly impeded by the adjustments it was making in implementing its responsibilities under the NRP. Moreover, DHS had previously published the National Incident Management System (NIMS). The NIMS along with the NRP restructured how Federal, state, and local government agencies and emergency responders conduct disaster preparation, response, and recovery activities. Changes needed to implement both documents, however, were still underway when Hurricane Katrina made landfall. Unfortunately, two years later FEMA is in a similar position; it has yet to issue a revised NRP addressing chain of command issues as mandated in Title VI of P.L. 109-295, the Post-Katrina Act.

The response to Katrina demonstrated some positive features of the incident command structure under NIMS, which FEMA and state staff directed in Mississippi and Alabama. It also highlighted deficiencies and areas where FEMA and DHS headquarters must make adjustments to the NRP, such as the use of incident designations, the role of the Principal Federal Official

(PFO), and the responsibilities of emergency support function coordinators. It also should not be overlooked that when compared to other disasters, FEMA provided record levels of support to Hurricane Katrina victims, states, and emergency responders.

### **The Role of the PFO**

The DHS Secretary appoints PFOs to facilitate Federal support to the established incident command structure and coordinate overall Federal incident management and assistance to officials such as the Federal Coordinating Officer (FCO) under their disaster response authorities. The PFO provides a primary point of contact and local situational awareness for the DHS Secretary, a channel for media and public communications, and an interface with state, local and other Federal officials. For the 2007 hurricane season, Secretary Chertoff has assigned five PFOs and Deputy PFOs across the Regions from within the National Protection and Programs Directorate.

The FCO is designated by the President as the lead Federal official to coordinate Federal resource support for each emergency or major disaster declared under the *Stafford Act*. FEMA maintains a standing roster, or cadre, of FCOs who have undergone an agency-wide certification program with preparation for all-hazard events including terrorism and weapons of mass destruction. FCOs must participate in actual disaster response or full-scale exercises as part of the certification program.

Hurricane Katrina was the first operational use of the PFO. When the second PFO for Hurricane Katrina was appointed, he took over a greater role in directing the Federal response and created confusion in command and authority, as well as duplicated planning and reporting activities in the Joint Field Office. State officials have said that a single Federal official should not hold responsibilities for more than one state, as the PFO during Katrina did.

### **Government-Wide Coordination**

Under the authorities of the *Stafford Act* and the NRP, FEMA is responsible for providing the necessary emergency management leadership to other Federal departments, agencies, and other organizations when responding to incidents of national significance.

FEMA is largely dependent on other agencies and outside resources in executing many activities that take place. Therefore, departments and agencies need to allocate personnel and funding to train, exercise, plan, and staff disaster response activities to enable better execution of their roles and responsibilities and plans and procedures. Specific contingency plans must be developed and integrated so that capabilities and gaps are identified and addressed.

Federal departments and agencies often use funds from their base operating budgets to plan and participate in exercises, which may result in limiting the resources they commit. In effect, they have to cannibalize from other programs to find resources for their planning and participation efforts. It has become increasingly important that Federal departments and agencies institutionalize their participation in planning, training, and exercise activities; account for the

costs associated with their participation; and, undertake planning, training, and the commitment of resources in future exercise opportunities.

Furthermore, to effectively address disaster response, recovery, and oversight, Federal interagency data sharing and collaboration are a must. However, data-sharing arrangements between FEMA and other Federal agencies to safeguard against fraud and promote the delivery of disaster assistance are not in place. Critical tasks, from locating missing children and registered sex offenders to identifying duplicate assistance payments and fraudulent applications, have all been hindered because mechanisms and agreements to foster interagency collaboration did not exist prior to Hurricane Katrina.

### **Catastrophic Planning**

Attempts to plan for an event such as Hurricane Katrina striking New Orleans had been ongoing since 1998, but never completed. In 1999, the Louisiana Office of Emergency Preparedness submitted a planning proposal to FEMA requesting their assistance in preparing for a catastrophic storm hitting their state. In August 2001, a second request was sent to FEMA requesting assistance in developing a plan. Although planning was begun, it was interrupted by the terrorist attacks of September 11, 2001, and did not resume until December 2001. After another major hurricane in 2002, attempts to revive the planning process were unsuccessful due to funding shortfalls.

In 2004, a series of planning sessions were developed in a scenario named “Hurricane Pam” that was conducted from July 16 to 23, 2004. It involved over 350 participants from more than 15 Federal agencies; 30 Louisiana state agencies and 13 parishes; FEMA headquarters; FEMA Regions I, II, IV, and VI; the Louisiana Office of Homeland Security and Emergency Preparedness; the states of Mississippi and Arkansas; and numerous voluntary agencies. The Southeast Louisiana Catastrophic Hurricane Plan was a significant output of these planning sessions. Beyond that no catastrophic planning reached fruition.

According to FEMA officials, the major challenge in conducting catastrophic planning was the lack of funding. The GAO reported that requests from FEMA for \$100 million for catastrophic planning and an additional \$20 million for catastrophic housing planning in fiscal years 2004 and 2005, respectively, were denied by DHS.<sup>1</sup> There were, however, some planning sessions conducted prior to Hurricane Katrina that focused on sheltering, temporary housing, and medical issues, with the last one held in August 2005. The follow-up sessions were delayed after the initial Hurricane Pam exercise due to difficulties in obtaining funding.

Planning and exercises are critical to prepare for and respond to catastrophic events. As indicated in the GAO report mentioned above, FEMA recognized the need for catastrophic planning and requested resources for a number of scenarios, including earthquakes in California and along the New Madrid Seismic Zone, hurricanes along the gulf coast, and terrorist attacks. To be successful, FEMA needs to plan and conduct exercises with its Federal, state, and local partners. Budget constraints remain a concern to many governmental entities. As a result, many

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<sup>1</sup> *Hurricanes Katrina and Rita: Unprecedented Challenges Exposed the Individuals and Households Program to Fraud and Abuse; Actions Needed to Reduce Such Problems in the Future*, GAO-06-1013, dated September 2006.

that should participate, may not have the resources to do so. Congress recently appropriated \$20 million for catastrophic planning. FEMA needs to continue to develop plans and exercises for high risk scenarios and include all its emergency management partners.

## Logistics and Acquisitions

### **Logistics**

FEMA is responsible for coordinating the delivery of commodities, equipment, personnel, and other resources to support emergency or disaster response efforts of affected states. Therefore, FEMA's ability to track resources is key to fulfilling its mission.

In response to Hurricane Katrina, state officials expressed frustration with the lack of asset visibility in the logistics process. Officials indicated they had ordered water, ice, and meals-ready-to-eat (MREs) in quantities far greater than what was delivered. When they attempted to determine where additional quantities were in the delivery process, they were told the commodities were "in the pipeline." According to FEMA field officials, on average, Mississippi received less than 50 percent of the commodities it requested between August 27, 2005, and September 5, 2005. Similarly, during the 2004 hurricane season, when asked about the delivery status of requested ice and water, Federal logistics personnel could only tell requesting state officials that the commodities were en route.

In our review of FEMA's performance following Hurricane Katrina, we looked at the process for ordering and filling resource requests. We determined an inconsistent process was used. It involved multiple, independent computer and paper-based systems, many of which generated numerous, unique tracking numbers and few of which were cross-referenced. Similarly, the White House report revealed a highly bureaucratic Federal supply process that was not sufficiently flexible or efficient to meet requirements, and that failed to leverage the private sector and 21st Century advances in supply chain management. FEMA must develop a means to standardize and streamline its resource ordering and tracking process.

In our report, *Emergency Preparedness and Response Could Better Integrate Information Technology with Incident Response and Recovery* (September 2005) we stated that FEMA's Logistics Inventory Management System (LIMS) provides no tracking of essential commodities, such as food and water. As a result, FEMA cannot readily determine its effectiveness in achieving DHS' specific disaster response goals and whether or not there is a need to improve. LIMS is essentially an inventory system used to manage equipment and accountable property, such as cell phones or pagers. Once the items are identified for deployment, LIMS does not indicate when they will be shipped or when they should arrive. To compensate, emergency personnel said that they tracked items on a spreadsheet and spent a significant amount of time calling trucking companies to determine the status and projected arrival times of in-transit goods. This required the assignment of additional personnel to obtain the status of deployed commodities and complicated emergency response planning and coordination. FEMA has made improvements to LIMS, and we are continuing to review FEMA logistics.

We noted that FEMA's disaster response culture has supported the agency through many crisis situations, such as the 2004 hurricanes. However, FEMA's reactive approach encourages short-term systems fixes rather than long-term solutions, contributing to the difficulties it 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.

In 2004, FEMA Logistics began testing a pilot program to track total asset visibility, which involved putting tracking units on selected trucks to monitor their movement. About 25 to 33 percent of the trucks were equipped with tracking units during Hurricane Katrina. FEMA logistics officials said that funds were not available to purchase tracking units for all trucks. Due to software limitations of the tracking equipment, FEMA was unable to determine whether a truck had been offloaded or had changed cargo once it left its point of origin. Additionally, FEMA had to retrieve the tracking units from trailers that were not FEMA-owned.

Since Hurricane Katrina, FEMA has identified five major storage sites for commodities such as water, meals, tarps, sheeting, blankets, cots and generators. FEMA has also expanded its asset visibility to all regions. Reporting capabilities have been enhanced to allow for more comprehensive and real time reporting from the field. FEMA has interagency agreements with key partners at the Defense Logistics Agency, U.S. Army Corps of Engineers, the Department of Transportation, and the American Red Cross, and is pursuing one with the General Services Administration, to sustain efforts at 100 percent of requirements within 72 hours. These interagency agreements will provide FEMA with meals-ready-to-eat, fuel, ice, medical supplies, water, cots, blankets, tarps and rental 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 American Red Cross will also allow for coordination with other non-government organizations for feeding in shelters and communities.

FEMA is currently expanding its total asset visibility system to all regions. It is essential that FEMA possess the capability to track assets real-time, across Federal, state, and local organizations. We are planning a review of this system.

The actions to improve logistical capability are all steps in the right direction. Recent events, including the Kansas tornado, indicated improvements in FEMA's response and logistics capabilities. However, whether these improvements will work for a catastrophic event are largely untested.

### **Acquisitions**

In FY 2006, FEMA obligated \$7 billion in contracts, of which 89 percent was for services, largely attributable to spending for recovery from Hurricane Katrina. FEMA spent \$6.2 billion for services, such as construction/family housing, and \$727 million for goods, such as trailers and plastic fabricated materials. For FY 2007 through July 11, FEMA has obligated over \$872 million.

In the wake of Hurricane Katrina, we focused substantial work on FEMA acquisitions. FEMA has not been well prepared to provide the kind of acquisition support needed for a catastrophic disaster. Their overall response efforts have suffered from:

- 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.

Pursuant to the Post-Katrina Act, FEMA has undergone significant reorganization, including in its acquisition function. In May 2007 we published an acquisition management scorecard to gauge FEMA's progress and to create a baseline for measuring progress. FEMA made limited progress in areas deemed critical for a fully successful acquisition program. Major concerns for the acquisition program include the need for: (1) an integrated acquisition system; (2) a full partnership of FEMA's acquisition office with other functions; (3) comprehensive program management policies and processes; (4) appropriate staffing levels and trained personnel; (5) reliable and integrated financial and information systems; and (6) timely corrective actions in response to many OIG and GAO report recommendations.

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. FEMA is also using a Hurricane Gap Analysis Tool to identify potential disaster response gaps in critical areas. DHS created a Disaster Response/Recovery Internal Control Oversight Board to address many problems. Finally, FEMA continues its aggressive hiring initiative and has reported that it has reached its goal of filling 95 percent of the Agency's funded permanent full-time positions.

We are in the early stage of an audit of FEMA's pre-negotiated contracts. Our goal is to determine the status of these agreements in relation to preparedness goals and requirements for a catastrophic event, and whether FEMA is communicating and coordinating its advance contracting with other Federal agencies and state and local governments, as required under the Department of Homeland Security Appropriations Act, 2007 (Public Law 109-295). With hurricane season upon us, a number of acquisition readiness concerns remain:

- FEMA has yet to finalize an established process to ensure that Federal pre-negotiated contracts for goods and services are coordinated with Federal, state and local governments,
- FEMA's acquisition function does not yet fully participate in the strategizing and identification of goods and services for which pre-negotiated contracting may be needed in a catastrophic event, and
- FEMA and other Federal agencies may not have enough trained and experienced acquisitions personnel in place to manage and oversee the vast number of acquisitions that follow major and catastrophic events.

For the remainder of 2007 and into 2008, we will continue to conduct a broad body of work on FEMA's acquisition functions to identify additional improvements that FEMA can make. Specifically, we will audit FEMA's internal controls, acquisition workforce, acquisition process, and property management system. 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.

### **Housing**

FEMA's overall housing strategy for Hurricane Katrina consisted of shelters, hotels, motels, cruise ships, and tents, as well as other available housing resources to address immediate needs. Disaster victims were then transitioned to travel trailers, mobile homes and apartments to address longer-term housing needs. Some components of FEMA's housing strategy were not well planned or coordinated, and some were not as effective or efficient as FEMA had anticipated. Due to the devastation from Katrina, FEMA immediately procured 20,000 manufactured housing units with plans to purchase over 100,000 units. Some sites initially identified in Louisiana by FEMA to place multiple units were not well coordinated with local officials, and local officials determined placement was not acceptable. FEMA worked with the Department of Housing and Urban Development (HUD) to implement additional programs to provide housing assistance vouchers to eligible disaster victims. However, FEMA and HUD housing initiatives never reached fruition.

The Department of Homeland Security Appropriations Act, 2007 mandated FEMA to develop a National Disaster Housing Strategy. FEMA has coordinated with other Federal agencies and the National Council on Disability to develop a strategy to address housing needs for future disasters. The strategy will focus on sheltering, interim and permanent housing, and various populations to be served. It will guide FEMA and other Federal agencies during disasters and identify gaps, including additional authorities required to deal with sheltering and housing operations. The strategy will be flexible and scalable to meet the unique needs of individual disasters. FEMA is looking to other federal and state partners to take a bigger role in disaster housing.

The strategy includes a Joint Housing Task Force that consists of other federal agencies, state, local, tribal governments, and volunteer agencies. The task force will convene immediately after a Presidential disaster declaration to work with FEMA to coordinate resources and implement housing programs.

These efforts should improve housing coordination, but are untested. FEMA needs to develop a catastrophic housing plan to deal with large-scale evacuations and displacement of citizens for

extended periods. After Hurricane Katrina, FEMA used traditional housing programs for a non-traditional event. As a result, the housing programs and policies were not effective and housing problems persist in the gulf area. New and innovative housing approaches are needed for such events. FEMA has only recently executed an Interagency Agreement with HUD to handle long-term Gulf Coast housing issues. Similar agreements are needed for future disaster preparedness.

### Evacuations

FEMA plans to take a more active role in evacuating victims during a disaster such as Hurricane Katrina and will provide support when state and local governments cannot handle the evacuation process. DOT will be responsible for some transportation functions; however, FEMA has taken over the responsibility for standby contracts for air/bus/rail support. FEMA is also working closely with States to ensure that evacuation plans are in place.

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 ESF-6 was in response to Hurricane Katrina and roles and responsibilities were not clearly defined or established. The American Red Cross (ARC) stated they were responsible only for coordination and reporting on ARC mass care operations, while FEMA said they relied heavily on ARC to coordinate mass care operations and reporting. As a result, a National Sheltering System is being developed and is almost complete in which FEMA can more easily track victims from evacuation to arrival at a shelter, so they do not have to wait for victims to register for assistance with FEMA.

Evacuation plans are 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 wanted to because of health 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 locals because in a catastrophic event, it is likely they will play a major role in the evacuation.

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 DHS 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.