



June 12, 2018

The Honorable Brock Long, Administrator
Federal Emergency Management Agency
500 C ST, SW
Washington, D.C. 20472

Dear Administrator Long:

On behalf of the National Emergency Management Association (NEMA) and International Association of Emergency Managers (IAEM), please accept the attached white paper entitled *Rollover of Disaster Management Costs: Increasing Capability and Responsibility in Managing Disaster Declarations*.

We believe this proposal will meet every objective outlined in your strategic plan set forth earlier this year. Allowing grantees to utilize management costs across all open disasters will ensure the building of recovery and mitigation capacity; incentivize disaster close-out; and drive down the costs of disasters. Increased flexibility will reduce the complexity of FEMA, capacity building will ready the nation for a catastrophic disaster, and enhancing resilience and mitigation efforts surely builds a culture of preparedness.

We welcome any additional considerations you or your staff have on this proposal, and respectfully request any feedback be submitted to NEMA Deputy Director, Matt Cowles (mcowles@csg.org) and IAEM Government Affairs Director Thad Huguley (thad@iaem.com) by July 20, 2018.

Sincerely,

Michael A. Sprayberry
President, NEMA

Nick Crossley
President, IAEM-USA

Enclosure

cc: Mr. Jeff Byard, Associate Administrator, Office of Response and Recovery



Rollover of Disaster Management Costs: Increasing Capability and Responsibility in Managing Disaster Declarations



Executive Summary. When managing disaster declarations, states and locals coordinate billions of dollars in Federal grants through the Federal Emergency Management Agency (FEMA). To help offset administrative requirements of these grants, FEMA regulations allow recipients to utilize a percentage for management costs. These management costs, however, are limited to each specific disaster and regulations do not allow grantees to economize by managing workloads across all open disasters. FEMA should allow grantees to utilize management costs across all open disasters which will ensure the building recovery and mitigation capacity; incentivize disaster close-out; and drive down the costs of disasters.

Background. One of the fundamental requirements of creating a strong and nationwide emergency management system is to build recovery and mitigation capacity which can range from developing plans, coordinating effective mutual aid, and the assets to manage the consequences of myriad potential hazards. FEMA continues to encourage states and local to manage “less than catastrophic” disaster declarations thereby reducing the Federal burden disaster costs nationally. The resources FEMA utilizes to achieve these goals are found primarily in 44 C.F.R. Part 207 – Management Costs. This regulation provides the Grantee 3.34 percent of the projected Federal program costs of public assistance and 4.89 percent of projected Federal program costs of Section 404 Hazard Mitigation.

States have long argued that the management costs percentages are low, compared to the percentages allowed under other Federal grants and the amount FEMA utilizes to administer the same disaster declaration. NEMA supports efforts such as the *Disaster Recovery Reform Act* (DRRA) being considered by Congress and the current FEMA administration in increasing these percentages to as high as 12 percent. Beyond the funding percentage, however, the lack of flexibility within the grant consumes time and resources of emergency management organizations which could be better-utilized to manage response and recovery activities.

With each disaster declaration comes an allowance for management costs to administer Public Assistance and Hazard Mitigation grants. Despite administering numerous open disasters, each declaration has a locked-in amount for management costs. Throughout the management of the grant, all associated personnel costs must be tied to a specific declaration, program, and project. While simple in theory, this administrative over-kill limits flexibility and detracts from a program designed to provide disaster assistance, build recovery and mitigation capacity, and empower states to reduce dependency on FEMA. For example, a project inspector working an eight-hour day may visit multiple sites across a region of a state. Since those sites may be associated with more than one disaster, all associated travel, incidental costs, and personnel time must be parceled-out to possibly dozens of open grants.

This dynamic is particularly problematic in declarations with limited damages. While management costs may be minimal, the process and manpower required is equal to that of larger declarations. Management costs for declarations with less damage are quickly exhausted and state funds must be utilized to complete the administration of the Federal grant. Likewise, during close-out of declarations with large damages, remaining funds create the unintended consequence of encouraging declarations remain open for extended periods of time to ensure the expenditure of all eligible costs. This runs contrary to the preferences of all involved at the Federal, state, and local levels to close-out disasters expeditiously.

The Solution. FEMA should immediately begin the process of amending 44 C.F.R. Part 207 to:

- Provide each state an unfunded grant for both the Public Assistance Program and Hazard Mitigation Grant Program. As disasters are declared, management costs will continue to be obligated under current regulations, but deposited into the generic program accounts.
- Allow remaining funds after the close-out of a disaster to be available to build recovery and mitigation capacity at the state and local levels, close-out remaining disasters which may be more complicated, and build resilience for the next disaster.

Taking these actions will allow states with more robust recovery and mitigation capacity to assist states with infrequent declarations and therefore less capacity (i.e. EMAC); manage the smaller declarations; and allow FEMA to focus on catastrophic events. The nation would realize an overall reduction of administrative costs and increased capability and responsibility at the state and local levels.