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A Primer on Federal and State Disaster Funds and Funding

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Contents

Learning Objectives

- The reader will be able to describe the structure of federal and state disaster funds and funding.
- The reader will develop a working knowledge of the federal grant-in-aid system and of some specific emergency management–related grant opportunities.
- The reader will understand the role of the private sector in disaster funds and funding.
- The reader will be able to explain the typical role of state government in the field of emergency management and identify the opportunities and challenges associated with the relationship between local and state government.

INTRODUCTION

Each year, the federal government funnels billions of dollars in disaster-related grants to state and local governments. These grants are complex and diverse in scope, often requiring the engagement of multiple actors across the public and private sectors. Despite this complexity, the Government Accountability Office (GAO) offers a clear definition of a grant as "a financial assistance award comprised of payments in cash or in kind for a targeted purpose" (GAO, 2005). In fiscal year 2011, the amount of grants awarded to state and local government approximated

$606 billion, a figure that has dramatically increased in constant dollars over the past three decades (GAO, 2012).* While the proportion of federal outlays for disaster-related grants constitutes less than 5% of this amount, these grants are nevertheless instrumental in achieving goals and objectives across all areas of emergency management.

There have been a number of reports issued by the GAO, the Department of Homeland Security (DHS) inspector general, and the Office of Management and Budget (OMB) that suggest that a lack of capacity at the local and state level to effectively administer grants significantly hinders their effectiveness. As a result of this lack of capacity, the responsibility to manage these grants at the state and local level are increasingly being contracted out to the private sector. In addition to grant management, the private sector is also heavily involved in providing services financed by these grants. This chapter discusses these issues and presents an overview of the structure of federal grants to state and local government, commonly referred to as the *grant-in-aid* system, and the role of the private sector in disaster funding.

INTRODUCTION TO THE FEDERAL GRANT-IN-AID SYSTEM

Federal grant-in-aid programs constituted a notable 26.3% of the 2011 federal government budget, indicating the significance of grants as a mechanism for distributing federal funds. According to the Catalog of Federal and Domestic Assistance (CFDA), which is a compendium of all federal grants available to state and local governments, more than 2000 federal grant-in-aid programs currently exist. Nearly a quarter of these programs were managed by the Department of Health and Human Services (492), with the Departments of the Interior (274), Agriculture (272), Justice (136), and Education (120) rounding out the top five federal departments with the most grant-in-aid programs. Within the realm of emergency management, the CFDA lists eighty-two grant-in-aid programs under the purview of the DHS, of which the Federal Emergency Management Agency (FEMA) plays a critical role in administering. While this chapter will focus primarily on grants administered by FEMA, other departments

* Between 1980 and 2012, this amount has an average annual growth rate of 4.58%, in 2011 constant dollars.

and agencies, such as the Department of Housing and Urban Development (HUD), are also involved in awarding disaster-related grants.

As the federal grant-in-aid system constitutes such a high percentage of government expenditures, the federal government has implemented stringent regulations and processes guiding the management of these funds to ensure that they are used for their intended purposes. While much of the terminology behind grant management is intricately complex and beyond the scope of this chapter, there are some general characteristics common to federal grants, which are briefly outlined below.

Federal grants can generally be understood to fall into one of two categories:

1. Categorical grants
   Categorical grants are narrow in scope and restricted to fund a very specific set of activities. FEMA's Flood Mitigation Assistance (FMA) program uses categorical grants to fund a specific set of flood mitigation activities.
2. Block grants
   Block grants are broad in scope and fund a wide range of activities. HUD's Community Development Block Grant (CDBG) program is often used to finance a broad range of disaster recovery projects.

Likewise, grants generally use one of two methods to determine the allocation of funds to applicants:

1. Project grants
   Project grants are competitive. They fund specified, time-bound projects via a benefit–cost-based selection process. FEMA's FMA program uses this approach.
2. Formula grants
   Formula grants are noncompetitive. The grant award amount is determined using a preestablished formula based on a set of criteria. HUD's CDBG program uses a formula-based approach for awarding funds.

While federal grants may initially be grouped into the aforementioned categories, it is important to note that their status may change once they are circulated through various levels of government. For example, while HUD's CDBG is first characterized as a formula grant, once the funds are awarded to a particular state, the state may subsequently choose to redistribute these funds as project grants.

For a more detailed description of the type of federal grant opportunities offered by the federal government, please see the CFDA's database at http://www.cfda.gov.

FEDERAL GRANT-IN-AID LIFE CYCLE

While the type and characteristics of different grants play a critical role in defining how they are administered, the federal grant-in-aid life cycle typically follows a predictable series of steps. First, all grant-in-aid programs are initiated by some federal enabling legislation. For example, FEMA's Hazard Mitigation Grant Program (HMGP) was first authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act in 1988. The programmatic details and rules are then incorporated into the Code of Federal Regulations (CFR), which, once installed, can be difficult to change. Following enabling legislation, federal departments or agencies must develop the administrative mechanisms necessary to administer the relevant grant-in-aid program. For FEMA in particular, the Grants Program Directorate (GPD) is in charge of overseeing the administration of their grant programs. In addition, Congress must routinely authorize fiscal appropriations for multiple grant programs in order for these programs to have funds to disperse.

Once these requirements are in place, grant-in-aid programs generally follow a predicable series of four stages, with the private sector involved at each of these stages in varying capacities. In the *pre-award stage*, eligible applicants submit their application, which is followed by a review process. For some local government that may lack administrative capacity to submit full applications for these grants, these applications are written by private firms on their behalf, either for a fee or with the expectation that the firm will be contracted to perform additional work funded by the grant award. Next, successful applicants enter the *award stage* involving the notification of the award. Next, the *implementation stage* involves fund dispersal and receipt by the applicant, grantor oversight, project administration, and report development. The implementation stage is where the private sector is most heavily involved. For example, for a community that receives a grant to elevate homes in a floodplain, the elevation services may be contracted to a private firm. Finally, the federal grant life cycle concludes with the *closeout stage*, which involves auditing and fiscal reconciliation. Many FEMA nondisaster grants follow this life cycle as well. Figure 3.1 is a modified version of the grant management life cycle published by FEMA's Grant Program Directorate.

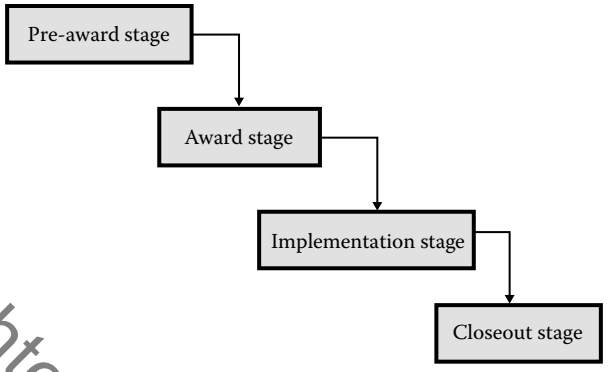

Figure 3.1 Federal grant-in-aid life cycle. Requirements for grant: Enabling legislation, fiscal appropriation, and grant administration capabilities developed.

Federal Grant-in-Aid Life Cycle of Post-Disaster Funding

The life cycle of the majority of federal grants, including those related to emergency management, can be characterized by the aforementioned illustration and discussion. However, within the realm of emergency management, the life cycle of post-disaster grants in particular varies considerably. One important reason for this variation is their dependence on disaster declarations to be in place. For example, FEMA's Public Assistance (PA) program, HMGP, and others only become available when these declarations are issued. While the private sector can be involved at any stage and for any disaster-related grant, these post-disaster grants often involve the private sector to the greatest degree because of the surge in funding available. Furthermore, local capacity can be overwhelmed following a disaster, and the desire for an expedient response and recovery often requires assistance from nongovernmental actors. The general life cycle of post-disaster grants is outlined below (GOHSEP, n.d.).

1. Local emergency disaster declaration
2. Governor's emergency declaration
3. Initial damage assessment
4. Preliminary disaster assessment
5. Request for presidential disaster declaration
6. Granting of presidential disaster declaration
7. Delivery of FEMA programs: IA, PA, HM

8. Applicant's briefings
9. Kickoff meetings (scope of work defined)
10. Project approval; funds obligated
11. Project execution (procurement, record keeping)
12. Applicant applies for reimbursement

Grant Management Requirements

Various requirements for federal grant-in-aid management are put in place at different levels of government.

Federal Level

The OMB is a critical figure involved in developing rules and regulations for the federal grant-in-aid system. For all policies related to ensuring proper oversight and accountability related to grant management, the OMB is the central governmental leader. Following President George W. Bush's E-government initiative, OMB launched Grants.gov (http://www.grants.gov) to allow for a central forum for which grantors and grantees can access more information regarding the federal grant-in-aid process. The OMB also regularly issues grant management circulars to federal agencies regarding updates to grant management policy.

While the OMB sets broad-level policies, federal agencies and departments also develop rules and regulations for grant management. The GPD, which is housed within the FEMA, administers the majority of DHS grants to state and local governments and is often referred to as the *one-stop-shop* for grant management (FEMA, 2011). The GPD plays an essential role in FEMA operations. In 2013, FEMA grant programs accounted for 15.38% of the agency's entire operating budget (FEMA, 2013; DHS, 2014b). In accordance with the Post-Katrina Emergency Reform Act of 2007, Congress created the GPD by synthesizing the FEMA Grants Management Branch, the DHS Office of Grants and Training-Office of Grant Training, and the DHS Office of Grants and Training-Preparedness Programs Division. The mission of the GPD is to "ensure that, through the strategic use of federal funding, our nation is well prepared to respond to and mitigate all-hazard events" (The Future of FEMA's Grant Programs Directorate, 2011).

While the vast majority of emergencies and disasters that have occurred since 9/11 have been nonterrorist related, the majority of DHS grants to state and local government have been focused on terrorism

preparedness (Congressional Research Service [CRS], 2009). In 2010, 60% of grant outlays to state and local governments were for terrorism-focused programs, such as the Urban Areas Security Initiative (UASI), which appropriated close to $1 billion in grants during FY 2013. The federal government first made terrorism preparedness grants available to state and local governments following the 1993 bombing of the World Trade Center; however, since 9/11, the proportion of emergency management grants available for all hazard programs has steadily decreased (CRS, 2009).

State Level

Few emergency management grants are offered directly from the federal government to local recipients. Rather, many state emergency management agencies or State Administration Agencies (SAAs) serve as intermediaries between these federal grants and recipients at the local level. For example, a significant number of emergency preparedness grants limit applicant eligibility to SAAs, which may increase the opportunity for FEMA to monitor grant administration, rather than dealing directly with multiple localities. This intermediary step also allows the state to place additional requirements that subrecipients are required to comply with. For example, in 2011, the state of Louisiana passed Revised Statutes 38 and 39, which contain important information on public finance and public contracts that grant recipients are required to follow. California and Florida, along with many other states, also have additional requirements that localities must comply with during the HMGP application procedure. The capacity of states, like localities, may also be overly taxed in the post-disaster environment, leading many to hire administrative firms to assist in the grant administration process.

An additional authority at the state level is their ability to actually set grant award priorities. For example, while local governments may submit an HMGP application for any project, the state selects applications based on predetermined priorities as outlined in their mitigation strategy, before forwarding these applications to FEMA for final approval.

Local Level

Since most emergency management grants are made available to government entities, local governments have little discretion in terms of complying with grant requirements imposed by state and federal agencies. Many state and federal agencies collaborate with localities in the development of grant applications, as well as in the monitoring and implementation of the grant award. Therefore, the majority of grant management

requirements at the local level involve adhering to procurement law and complying with those requirements put forth at higher levels of government. In Texas, for example, local governments are required to comply with the Uniform Grant Management Standards, which place strict oversight rules regarding the tracing of funds and require the maintenance of financial records, source documentation, and other requirements that grantees must comply with. Additionally, during the closeout process of the grant, local governments may be required to submit financial status reports, final performance reports, cash/cost adjustments, and other activities.

CURRENT TRENDS AND CHALLENGES

Both the GAO and other agency-level inspector generals have identified a number of recurring challenges involving grant management by state and local governments. Of particular interest are findings that claim that intergovernmental collaboration, internal control weaknesses, and a lack of agency or recipient capacity are recurring problems associated with the federal grant-in-aid system (Farris & Jerolleman, 2012). As such, these challenges may prompt government to outsource grant management and procurement to private agencies, whose role in this process has increased significantly over the past few decades (Farris & Jerolleman, 2012).

In light of these problems, there have been a number of attempts by the GPD to improve the administration of FEMA grants to state and local governments. In 2008, the GPD created the short-lived Cost-to-Capability (C2C) evaluation to measure a potential grant recipient's ability to handle and respond to disasters. The purpose of this evaluation was to better understand areas where grant recipients needed assistance, and to more effectively allocate funding as a result (DHS, 2008). However, the C2C was fraught with problems from its initiation. In light of a GAO report outlining the questionable mechanisms for assessing local disaster response capability, the C2C program was discontinued, with no current successive mechanism in place (Morton, 2012).

This ongoing problem takes on an additional level of concern when coupled with findings presented in a 2009 CRS report regarding the DHS's assistance to states and localities. The report notes that between 2002 and 2009, the number of DHS assistance programs increased from nine to fifteen, coupled with an increase of $34 billion in appropriations during this same period. Thus, while the administrative mechanisms were already

recognized as being insufficient in grant management, the number of grants and amount of funding continued to increase. Other reports conducted by the CRS and GAO have garner similar findings, such as that a lack of coordination across grant programs has led to a duplication of activities, which suggests that there may be a wasteful and inefficient allocation of funds appropriated to state and local governments (CRS, 2009). Finally, in a report completed by the Brookings Institution reviewing federal post-disaster recovery programs, more than fifty stakeholders and federal agency representatives identified key barriers to administering effective post-disaster recovery efforts at the state and local levels. Of their findings, the report argued that the high number of federal categorical grants can be challenging for local leaders to both comprehend and manage. These reports, like many others before them, strongly suggest that Congress, DHS, and FEMA must work more closely together to reconsider critical issues regarding federal homeland security assistance and their federal grant-in-aid system.

Despite identifying these problems, the increased involvement of the private sector may not necessarily be the best answer. Numerous reports suggest that contracting consultants in the work of disaster management may lead to a decreased level of community input and sustained local interest. In a survey of State Hazard Mitigation Officers nationwide, Smith et al. (2013) found that many attributed the lack of local commitment to hazard mitigation as a result of an overreliance on consulting work. Furthermore, the quality of consultant work in writing hazard mitigation plans for a community may be of mediocre quality, as consultants "seek to do the minimum required to meet FEMA standards while still 'breaking even' or garnering a profit from what often amount to low-cost planning grants" (Smith et al., 2013). Therefore, developing grant management requirements to ensure that the private sector performs high-quality project work is a recurring challenge in disaster grant management.

UTILIZING THE PRIVATE SECTOR TO ADDRESS THESE CHALLENGES

Despite attempts to improve administrative efficiency, recurring problems with grant administration in the public sector continue to go unresolved. The increased role of the private sector in terms of grant administration also comes at a time when FEMA is actively promoting that the private

sector play a larger role in emergency management. For example, FEMA has suggested that teaming with the private sector can improve disaster management decision making and resource availability, and increase the overall effectiveness of emergency management efforts (DHS, 2012). Additionally, a 2012 publication issued by the DHS acknowledges that, "when the public and private sectors bring their knowledge and resources to the table as part of the same team, we are better able to serve our neighbors, fellow citizens, and disaster survivors in particular" (DHS, 2012). This report also brings attention to the 2012 DHS Appropriation bills, which states that, "disaster preparedness, mitigation, response, and recovery are efforts that particularly lend themselves to public and private partnerships" (DHS, 2011).

This rhetoric, which is something of a new phenomenon, is now commonplace in many contemporary emergency management publications. While the private sector had been importantly involved in the recovery efforts of the Great Chicago Fire of 1871, the first indication of the private sector managing and disaster funding came after the 1906 San Francisco Earthquake and the 1927 Great Mississippi Flood. Busch and Givens (2012) report that post-disaster reconstruction funding regularly changed hands between the federal and private sectors following these two historic events. The role of the private sector in federal disaster funding also underwent a change following the creation of FEMA during the Carter administration, which saw an increase in outsourcing government office job functions to private contractors. Busch and Givens argue that one reason that the private sector is involved in disaster management involves its ability to "more effectively fill personnel needs" than the government acting independently. As the bureaucratic hiring process can often take much longer in government agencies, the ability of the private sector to streamline this process in time-pressing situations is a critical ability needed during certain types of disasters.

The private sector played perhaps its most critical role in emergency management during the George W. Bush administration. Despite the proliferation of DHS programs following 9/11, the Bush administration was able to convey that the size of government was shrinking in part because of the proliferation of DHS contracts to the private sector (Priest & Arkin, 2011). Today, the private sector's administrative role in the grant-in-aid system can also be seen by examining the proliferation of Request for Proposals (RFPs) issued by local governments. RFPs are mechanisms for which local governments solicit the services of an independent party. Many local governments that effectively manage to win

an emergency management grant issue RFPs for private organizations to play a multitude of roles during the administration of the grant.

For example, following Hurricane Sandy, the Township of Little Falls, New Jersey, issued an RFP for a *FEMA and CDBG Disaster Recovery Project Manager* to assist the municipality with the coordination of services from a variety of professionals to acquire, demolish, or elevate identified properties in the municipality. The Township of Little Falls received this grant from Passaic County, which was a subgrantee of the state of New Jersey for funding provided by HUD. Similar to many RFPs, this RFP contained a variety of sections, such as the official legal notice to bidders, instructions to proposers, statutory requirements, information regarding how proposals would be scored, scope of work requirements, and many other terms and conditions.

DHS/FEMA Emergency Management Grants

The following section provides a concise overview of a variety of FY 2014 FEMA or HUD grants related to emergency management. These different programs are categorized as Preparedness, Recovery, or Mitigation focused. Given the immediate nature of emergency response, grant programs that seek to improve local response capabilities are discussed under the Preparedness section. Similarly, grant programs that provide reimbursement funding for certain response-related activities, such as the FEMA PA program, are discussed in the Recovery section.

Introduction to Preparedness Grants

FEMA offers a wide variety of preparedness grant programs to state and local governments. In 2011, the DHS released its National Preparedness Goal in an attempt to unify preparedness grant programs. These grants seek to achieve the National Preparedness Goal, which is to achieve "A secure and resilient Nation with the capabilities required across the whole community to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk." (DHS, 2011). This document further offers five core capabilities across the areas of Prevention, Protection, Mitigation, Response, and Recovery, each of which have targets and performance measurements that influence the allocation of resources to different preparedness grants. For FY 2014, FEMA offered eight preparedness (nondisaster) grants, which are briefly outlined below.

Emergency Management Performance Grants Program

The Emergency Management Performance Grants Program (EMPG) was authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The EMPG provides funding to state, local, tribal, and territorial governments to support the National Preparedness Goal. In FY 2013, the total amount of federal outlays for the EMPG totaled approximately $332 million, a figure that has grown considerably in constant dollars since 2005 (see Figure 3.2). Examples of activities that have been funded by the EMPG program include a wide range of emergency management preparedness programs, such as (CFDA, 2014a)

- Developing and maintaining community emergency plans and mitigation plans
- Preparing and approving ordinances to comply with the National Preparedness Goal
- Conducting or participating in all-hazards based exercises
- Continuity of Operations (COOP) and Continuity of Government (COG) activities
- Completing of the Threat and Hazard Identification and Risk Assessment (THIRA) process (pre-disaster recovery planning)
- Recovery planning

Each of these bulleted points often relies heavily on the involvement of the private sector.

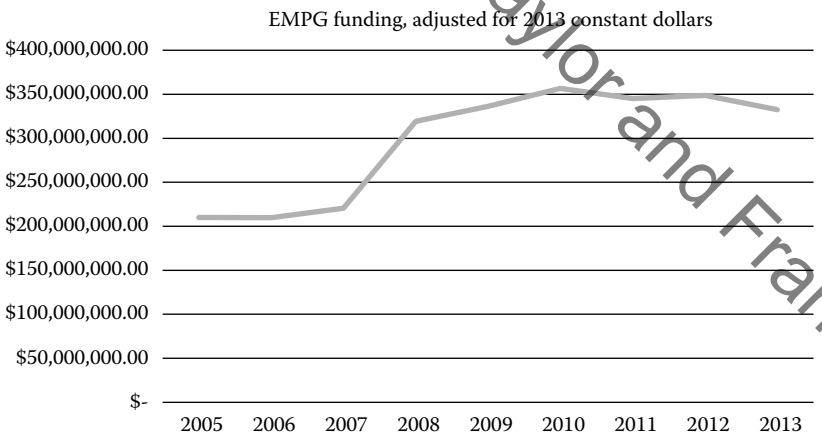

Figure 3.2 EMPG funding FY 2013.

The EMPG program requires a cost-matching agreement of 50% and quarterly reporting requirements. More information on the EMPG program can be found at http://www.cfda.gov and http://www.fema.gov/grants. More information on the National Preparedness Goal can be found at http://www.fema.gov/national-preparedness.

Homeland Security Grant Program

The Homeland Security Grant Program (HSGP) was established by The Homeland Security Act of 2002 to support the National Preparedness System and National Preparedness Goal. The HSGP provides formula grants across the following three interrelated subgrant programs: (1) the UASI, (2) the State Homeland Security Program (SHSP), and (3) Operation Stonegarden (OPSG). In 2014, the combined federal outlays for these programs totaled $968,389,689. Grants are awarded to State Administrative Agencies (SAAs), which then must pass 80% of funding to local governments. Each of the HSGP programs fund different types of activities, and are outlined below:

1. *The UASI*. The UASI accounts for more than half of all HSGP funding. The UASI issues funds to SAAs, which may subsequently allocate these funds to assist high-density urban areas in terrorism preparedness programs. In 2013, the DHS identified twenty-five high-threat/high-density urban areas that were eligible to participate in the program. Examples of activities that UASI funds include, but are not limited to, training exercises, planning, and equipment purchasing.
2. *The SHSP*. The SHSP account for approximately one-third of all HSGP funding. The SHSP issues funds to SAAs, which then obligates these funds to local government units. SHSP funds can be used for activities that help build local capacity related to terrorism preparedness. Such activities may include trainings, exercises, planning, and others.
3. *OPSG*. OPSG began in 2010, replacing the Metropolitan Medical Response Team and Citizen Corps Program. OPSG accounted for approximately 6% of all HSGP funding. OPSG issues funds to SAAs located in areas that share international borders. OPSG funds activities to increase intergovernmental coordination in order to better secure the U.S. borders. Example of activities with

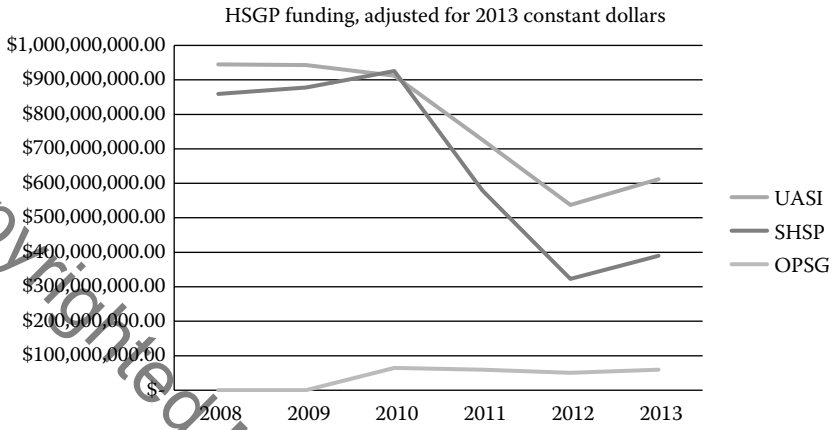

Figure 3.3 HSPG funding FY 2013.

the OPSG may fund activities that enhance cooperation between law enforcement agencies and increase their operational capabilities to secure the country's border.

Unlike most disaster grants, the HSGP program does not require cost-sharing or matching funds from state or local governments. Figure 3.3 illustrates how funding for these programs has changed since 2008.

More Information on HSGP is available at http://www.fema.gov/fy-2014-homeland-security-grant-program-hsgp.

Intercity Passenger Rail Program

The Intercity Passenger Rail Program (IPR) was established by the 9/11 Commission Act of 2007, Section 1406, Public Law 110-53 to support the National Preparedness Goal. The IPR provides project grants to the National Passenger Railroad Corporation (Amtrak) with a specific focus on terrorism preparedness activities for the U.S. passenger rail infrastructure for terrorism. If Amtrak is awarded an IPR grant, funds are transferred and administered by the Department of Transportation Federal Railroad Administration (DHS, 2014). In FY 2014, the combined federal outlays for these programs totaled $10,000,000. Examples of projects that the IPR program funds include, but are not limited to

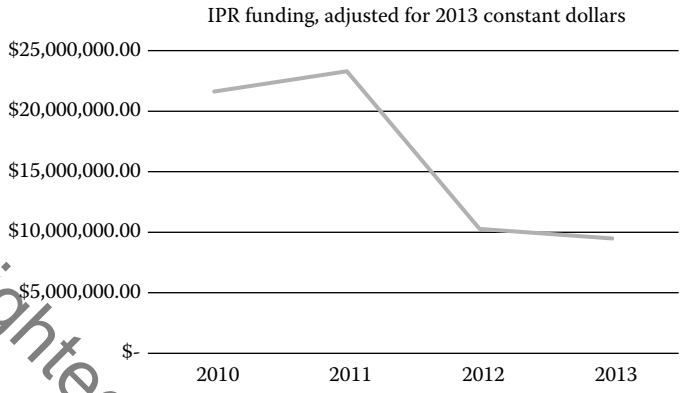

Figure 3.4 IPR funding FY 2013.

- Developing emergency management capabilities through emergency-preparedness drills and exercises
- Protecting high-risk/high-consequence underwater and underground rail assets
- Planning
- Public awareness and preparedness campaigns
- Protecting high-risk, high-consequence areas or systems

Like the HSGP, the IPR program does not require cost-sharing or matching funds from state or local governments. Figure 3.4 illustrates how funding for this program changed between 2010 and 2013.

More information on the IPR is available at http://www.fema.gov/fy-2014-intercity-passenger-rail-ipr-amtrak.

Nonprofit Security Grant Program

The Nonprofit Security Grant Program (NSGP) was established by Section 2003 of the Homeland Security Act of 2002 (Public Law 107-296) to support the National Preparedness Goal. The NSGP provides project grants to nonprofits at high risk of terrorist attack located in areas that have been identified as eligible for an Urban Area Security Initiative grant program (CFDA, 2014b). An SAA may apply to this program on behalf of nonprofits with Section 501(c) (3) status. In FY 2014, the combined federal outlays for these programs totaled $13,000,000. Examples

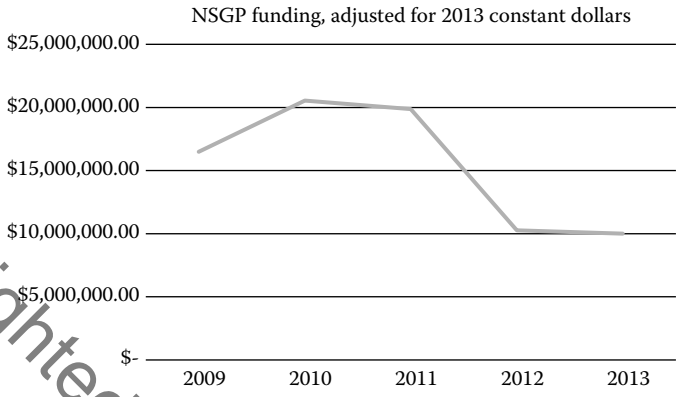

Figure 3.5 NSGP funding FY 2013.

of projects that the NSGP program funds include, but are not limited to (CFDA, 2014b)

- Target hardening
- Physical security enhancements
- Integrating nonprofit preparedness activities with state and local preparedness activities
- Supporting collaboration between private and public representatives

Unlike most disaster grants, the NSGP does not require cost-sharing or matching funds from state or local governments. Figure 3.5 illustrates how funding for this program changed between 2009 and 2013.

More Information on NSPG is available at http://www.fema.gov.

Port Security Grant Program

The Port Security Grant Program (PSGP) was established by Section 102 of the Maritime Transportation Security Act of 2002 (Pub. L. No. 107-295) (46 U.S.C. § 70107) to support the National Preparedness Goal. The PSGP provides project grants to port authorities, facility operators, ferry systems, and government agencies that provide port security services in the nation's highest-risk ports. In 2014, the DHS identified 146 ports eligible to receive PSGP funding. In FY 2014, the combined

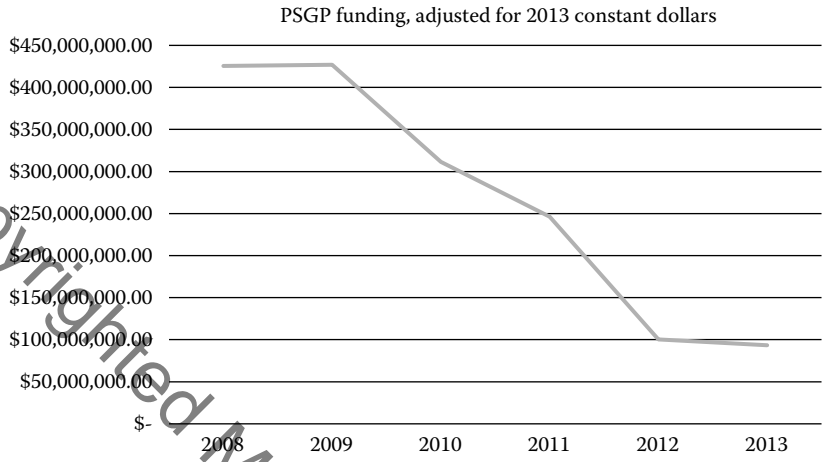

Figure 3.6 PSGP funding FY 2013.

federal outlays for these programs totaled $100,000,000. Examples of projects that the PSGP program funds include, but are not limited to

- Maritime prevention, protection, response, recovery, and mitigation capability development
- Enhancing cybersecurity capabilities
- Training and exercises
- Supporting governance integration

In FY 2014, the PSGP required that public organizations provide matching funds of at least 25% and that private organizations provide matching funds of at least 50%. Figure 3.6 illustrates how funding for this program changed between 2008 and 2013.

More Information on PSPG is available at http://www.fema.gov/fy-2014-port-security-grant-program-psgp.

Tribal Homeland Security Grant Program

The Tribal Homeland Security Grant Program (THSGP) was established by the Homeland Security Act of 2002 to support the National Preparedness System and National Preparedness Goal. The THSGP provides formula grants to tribal nations in the United States. In 2014, the

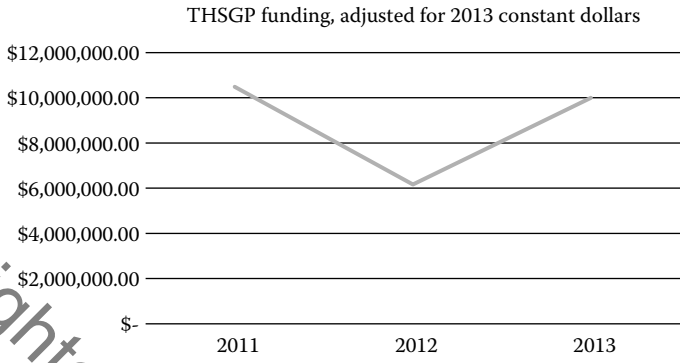

Figure 3.7 THSGP funding FY 2013.

combined federal outlays for these programs totaled $10,000,000. The THSGP funds different types of activities, and are outlined below:

- Planning, training, exercise, and equipment activities
- Law enforcement terrorism prevention

Unlike most disaster grants, the THSGP does not require cost-sharing or matching funds from state or local governments. Figure 3.7 illustrates how funding for this program changed between 2011 and 2013.

More Information on THSGP is available at http://www.fema.gov/fy-2014-tribal-homeland-security-grant-program-thsgp.

INTRODUCTION TO RECOVERY GRANTS

As mentioned earlier, federal grants that assist in disaster recovery generally require a Presidential Disaster Declaration. The president is granted this authority by the Robert T. Stafford Emergency Relief and Disaster Assistance Act. Unlike preparedness grants, which have a set amount of annual federal outlays, the amount of funding available for recovery grants can fluctuate immensely depending on the scale of the disaster experienced. For example, following the 2005 Hurricane Season, FEMA's PA program, which is outlined below, dispersed well over $11 billion to Gulf Coast affected communities (GAO, 2008). The funding for many recovery-related grants is extracted from the disaster relief fund, which

is funded annually but allows unused funds to carry over to subsequent years. Historically, the involvement of the private sector in the administration of recovery grants has been more notable than in preparedness grants. This section concisely outlines three significant recovery-related grants.

CDBG Disaster Recovery Assistance Program

The CDBG Disaster Recovery Assistance Program was established by Title I of the Housing and Community Development Act of 1974. The CDBG Disaster Recovery Assistance is a noncompetitive, formula-based block grant that allows Congress to appropriate money to assist in the recovery process following a disaster. This funding amount has historically varied significantly; following Hurricane Katrina and Hurricane Sandy, funding for this program exceeded $16 billion. Since 1993, the least amount of money appropriated totaled $39 million in 1993, to assist in the recovery of the Oklahoma City Bombing.

The Office of Community Planning and Development, a subsidiary of HUD, administers the program and notifies governments of their eligibility to apply for funding. For communities with populations of more than 200,000, funds are typically administered directly to the local government. For communities under this population level, funds are directed toward state governments, which then oversee the process of allocating the funds to these smaller communities.

The CDBG Disaster Recovery Assistance Program requires that the majority of funds be spent on activities that assist low- to medium-income-level communities. Examples of activities that this program has funded in the past include debris removal, acquisition of property in floodplains, home and infrastructure rehabilitation, business assistance, etc. Planning and administration of this program is limited of 20% of allocated funding (Table 3.1).

More information on this program can be found at http://portal.hud.gov/.

Public Assistance Program

The largest grant program that FEMA administers is the PA program. The PA program was established by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) to provide direct assistance to state, tribal, and local governments, as well as nonprofit organizations,

Table 3.1 CDBG Disaster Recovery Assistance Program Appropriations by Year, 1993–2013

Year	Amount Appropriated
1993	$85,000,000.00
1994	$830,000,000.00
1995	$39,000,000.00
1996	$50,000,000.00
1997	$500,000,000.00
1998	$130,000,000.00
1999	$20,000,000.00
2000	–
2001	$7,000,000.00
2002	$2,783,000,000.00
2003	–
2004	–
2005	$150,000,000.00
2006	$16,700,000,000.00
2007	–
2008	$9,400,000,000.00
2009	–
2010	$100,000,000.00
2011	–
2012	$400,000,000.00
2013	$16,000,000,000.00

following a presidentially declared disaster. Between 2000 and 2010, the amount of funding appropriated to the PA program has exceeded $30 billion (DHS, 2009).

Following a presidentially declared disaster, FEMA may issue PA grants to states, which then administer the funds to local government and nonprofit organizations as subgrantees. To receive funding, FEMA requires that PA Project Assistance worksheets be completed, which provide a damage assessment, cost estimate, and scope of work for proposed projects. Examples of projects that the PA program has funded include emergency work, such as debris removal and emergency protective measures, and permanent work, such as the repair of critical infrastructure.

The process for administering the PA program is lengthy and complex; however, an abbreviated process is outlined below (GAO, 2008):

1. The Presidential Disaster Declaration is issued.
2. Applicant submits PA request to the state, which in turn reviews and submits it to FEMA.
3. FEMA, the state, and the applicant work to discuss projects, provide needed documentation, and develop the project worksheet.
4. FEMA obligates funds to the state.
5. The state obligates funds to the applicant and monitors use.
6. The applicant uses funds to complete approved projects.
7. Final audit by the state and FEMA and fiscal reconciliation.
8. Projects are closed out.

The PA program has been criticized by both internal and external investigations. In 2008, the GAO reported the PA program experiences a number of challenges in Gulf Coast rebuilding following the 2005 Gulf Coast hurricanes. Problems identified included a lack of stable FEMA personnel, information sharing, and proper reporting practices (GAO, 2008). In 2009, these concerns were echoed when the DHS inspector general found deficiencies in the program's management, the program's measurement of objectives, as well as in the high turnover rate of personnel (DHS, 2009).

FEMA uses the PA Technical Assistance contract (PA–TAC) to obtain professional services from architects, engineers, consultants, and others in developing grant applications for state and local governments for PA funding. This funding is limited for the repair of the government's infrastructure that was damaged by natural or man-made disasters. In 2011, the DHS OIG conducted a report on FEMA's PA–TAC and raised concerns on how the government was awarding these contracts, and speculated that they may not be properly evaluating the performance of contractors. The DHS OIG made a series of recommendations relating to how performance expectations were implemented to evaluate the work of these contractors.

Individual Assistance

Following a Presidential Disaster Declaration, FEMA's Individual and Household Assistance Program (IHP), formerly known as the Individual Assistance (IA) program, can provide direct assistance to individuals and households with property damage losses not covered by insurance. This assistance generally takes the form of housing assistance, which can include providing temporary housing, funding housing repair, or housing

replacement. Other non-housing-related activities that the IA program funds include disaster-related medical costs, funeral and burial costs, legal services, unemployment assistance, crisis counseling, clothing, housing fuel, vehicle damage, and others (LEPA, n.d.). In FY 2014, the total amount of IA funds eligible to any single household was $32,400 (KYEM, 2014). For all non-housing-related activities, FEMA requires states to pay 25% of awarded assistance.

The private sector has been heavily involved in managing temporary housing programs funded by IA–TACs in the past. Following Hurricane Katrina, FEMA awarded noncompetitive contracts to manage these temporary housing programs to large private firms such as the Shaw Group, CH2M Hill Constructors Inc., Bechtel National Inc., and others. FEMA also awarded contracts to the Partnership for Temporary Housing LLC following the 2009 Alaska floods and the 2009 American Samoa tsunami and earthquake (DHS, 2011). FEMA requires that private sector recipients of IA–TACs be able to deliver a wide array of services, such as "comprehensive emergency management, project management, and program management services, as well as construction, architectural, and engineering capabilities" (DHS, 2011).

Despite billions of dollars being awarded the private sector through IA–TACs, the private sector needs to improve to manage these funds effectively. In 2011, the DHS OIG conducted a report on FEMA's IA–TAC and raised concerns over the contract recipient's emergency readiness capabilities and the level of accountability and oversight involved.

INTRODUCTION TO MITIGATION GRANTS

The FEMA offers a number of other grants that fund mitigation-related activities; however, four constitute the most significant sources of funding. The four mitigation-oriented grant programs are the FMA, Repetitive Flood Claims (RFC), Severe Repetitive Loss (SRL), and HMGP. The first three of these grants are classified as nondisaster grants, meaning that funding for these programs are available continuously so long as the broader programs are funded. The Hazard Mitigation Grants Program (HMGP) is the only mitigation program that is classified as a post-disaster grant.

To be eligible to apply for funding, FEMA requires that states take proactive steps in addressing hazard mitigation in their communities, as evidenced by developing a FEMA-approved hazard mitigation plan. Communities that do not develop a hazard mitigation plan will be ineligible to apply for mitigation-related grants whether before or following a disaster. Due to the

technical nature of many hazard mitigation plans, plan development is often contracted out to the private sector. In addition to managing the planning process and writing the actual hazard mitigation plans for communities, the private sector is also frequently contracted to carry out mitigation actions that are proposed in these hazard mitigation plans.

Hazard Mitigation Grants Program

The HMGP provides funding for a wide array of mitigation projects and is only available to communities that have received a presidential disaster declaration. As such, the amount of money available for the program has fluctuated annually based on the number and severity of disasters. Originally authorized by Section 404 of the Stafford Act, the program is mandated to be cost-effective and to focus on the long-term reduction to the loss of life and property in the aftermath of a disaster (GAO, 1999). Successful applicants typically receive 75% of project funding from the federal government, with the remaining 25% of funding from the local level.

Unlike many other grant programs, the State Hazard Mitigation Officer reviews all applications and has the ability to prioritize which mitigation actions should be funded. FEMA requires that before receiving an HMGP grant, the state must have an administrative plan in place that outlines the way in which projects will be selected and prioritized.

In FY 2013, the CFDA reports that there were $482 million in FEMA HMGP–obligated funds, which resulted in $964 million in disaster losses avoided. The CFDA projects a 17% decrease in HMGP obligated funding for FY 2014 (Figure 3.8).

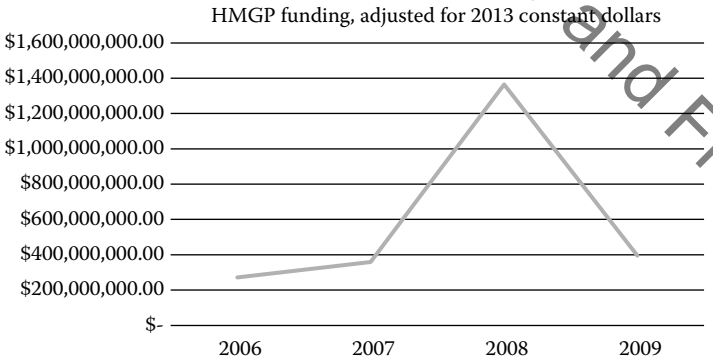

Figure 3.8 HMGP funding FY 2013.

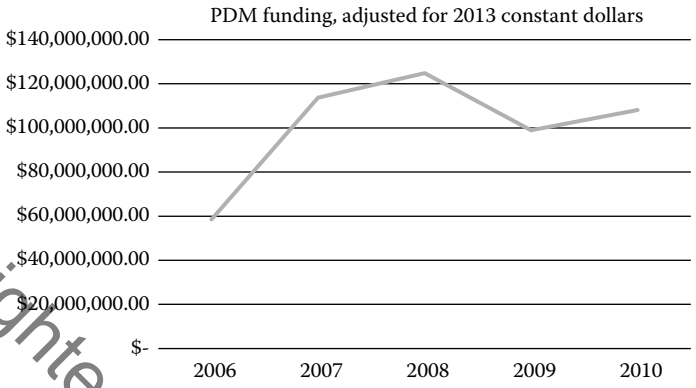

Figure 3.9 PDM funding FY 2013.

Pre-Disaster Mitigation Grants Program

The pre-disaster mitigation (PDM) grants program provides funding for a wide array of mitigation activities; however, unlike HMGP, these funds are continuously available and not contingent on a disaster declaration. The PDM grants program was authorized by Section 203 of the Stafford Act. Eligible applicants include the state emergency management agency or federally recognized tribal nations. Subapplicants, such as state agencies, local governments, academic institutions, and others, can apply through their city or county.

In FY 2013, the CFDA reports that there were $81,272,087 million in FEMA PDM-obligated funds, which resulted in $62,544,174 million in losses avoided. The CFDA projected a 100% increase in PDM obligated funding for FY 2014 (Figure 3.9).

FMA Program

The FMA program is authorized by Sections 1366 and 1367 of the National Flood Insurance Act of 1968, 42 U.S.C. 4104c and 4104d. The CFR states that the purpose of the program is to "assist state and local governments in funding cost-effective actions that reduce or eliminate the long-term risk of flood damage to buildings, manufactured homes, and other insured structures." Examples of common activities that the FMA provides funding for are surveying at-risk structures, property acquisition and elevation, demolition, and minor structural flood mitigation

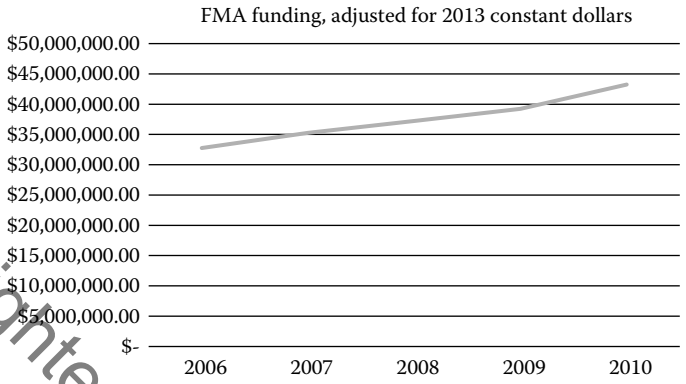

Figure 3.10 FMA funding FY 2013.

activities. Applications for this program are restricted to the 50 states, the District of Columbia, American Samoa, Guam, the U.S. Virgin Islands, Puerto Rico, the Northern Mariana Islands, and federally recognized Indian tribal governments; however, smaller communities may serve as subgrantees. Figure 3.10 indicates how funding for the FMA program steadily increased from 2006 through 2010.

Severe Repetitive Loss Program

The Severe Repetitive Loss Program was authorized by the Bunning–Bereuter–Blumenauer Flood Insurance Reform Act of 2004, as an amendment to the National Flood Insurance Act of 1968. The program provides funding to states and communities to undertake mitigation actions for SRL properties that meet the following criteria.

A residential property that is covered under a National Flood Insurance Program (NFIP) policy and (FEMA, 2014b)

a. That has at least four NFIP claim payments (including building and contents) more than $5000 each, and the cumulative amount of such claims payments exceeds $20,000.
b. For which at least two separate claims payments (building payments only) have been made with the cumulative amount of the building portion of such claims exceeding the market value of the building.

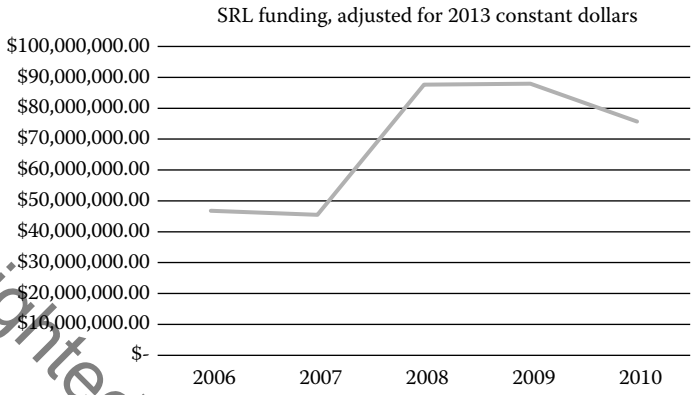

Figure 3.11 SRL funding FY 2013.

c. For both (a) and (b), at least two of the referenced claims must have occurred within any ten-year period, and must be greater than ten days apart.

Examples of activities that the SRL program funds include, but are not limited to, elevation of SRL-designated properties, relocation of SRL properties, acquisition of SRL properties, and others.

Figure 3.11 indicates how funding for this program has varied since 2006.

Leveraging the Private Sector in Mitigation

The private sector can be involved in hazard mitigation in a number of ways. Pursuant to the DMA 2000, governments that wish to be eligible for a number of hazard mitigation grant-related programs are required to develop hazard mitigation plans every five years. For governments that may lack the capacity to do this internally, RFPs may be issued in order from private firms to develop these plans on the local government's behalf. Also, government that have the capacity to do this internally but wish to focus on other issues may also hire private firms to write hazard mitigation plans. At the state level, a handful of large engineering related firms are often contracted to provide these services. At the regional, county, and municipal level, smaller firms are often involved in developing these plans.

These firms are often also involved in providing consultation regarding different mitigation projects that may be useful for communities, and mechanisms through which they may be funded. Firms that are interdisciplinary may also seek to apply from mitigation project funding on behalf of the local government after a plan is completed, in anticipation that their firm will be able to help the local government initiate a mitigation action. See Chapter 7 of this book for an in-depth discussion regarding how the private sector can be leveraged in hazard mitigation.

SUMMARY

Each year, the federal government funnels billions of dollars in disaster-related grants to state and local governments. These grants are complex and diverse in scope, often requiring the engagement of multiple actors across the public and private sector. This chapter has outlined basic components of the federal grant-in-aid system, with particular attention given to how this system is involved in disaster management within the United States. To effectively and more efficiently manage disasters, governments have sought the assistance of the private sector. While the private sector is heavily involved in disaster management, this chapter has discussed the advantages and disadvantages of this involvement. This chapter concluded with outlining a number of DHS/FEMA grant opportunities that were in operation during FY 2014, with an additional discussion regarding how the private sector is involved across each stage of emergency management. This chapter has provided a brief overview of each of these areas. Moving forward, this text develops this discussion in a more in-depth manner.

CHAPTER QUESTIONS

1. How does the grant life cycle differ for pre-disaster and post-disaster grants?
2. What grants are only available in the post-disaster environment? What conditions must be met in order for these grants to be awarded?
3. What have been some of the problems associated with grant management by the federal government?
4. What is the role of State Administrative Agencies in grant management?

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