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January 3, 2012

The Honorable Craig Fugate, Administrator
Federal Emergency Management Agency
U.S. Department of Homeland Security
500 C Street SW
Washington, D.C. 20472

Dear Administrator Fugate:

Pursuant to our letters to House and Senate Appropriators dated June 2 and 24, 2011, on behalf of the National Emergency Management Association (NEMA), I am pleased to also present to you the attached proposal to address the funding and organization of the suite of homeland security and emergency management grants.

The effort to develop this *Proposal for a Comprehensive Preparedness Grants Structure* began over the summer when NEMA considered how to address challenges facing the future of grant funding within the Department of Homeland Security (DHS). From the beginning, we wanted to address long-standing concerns of Congress without repeating mistakes of the past or simply suggesting increased or sustained funding levels. So we assembled a group of homeland security and emergency management professionals from across the country including state emergency management directors, governors' homeland security advisors (HSA), and those with both responsibilities. The enclosed proposal is the result of six months of meetings, conference calls, and more than twenty drafts.

The document is not intended to be legislative language or grant guidance, but rather one focusing on principles and values with a suggested concept for reorganization providing grantees increased flexibility and more comprehensive accountability to Congress. Under the proposal, states would be awarded three allocations from DHS: Emergency Management Performance Grants (EMPG), a new homeland security cadre grant, and a project-based investment and innovation grant. The separate cadre grants reflect the differing organizations within the states. The basic components of the system include:

Cadre-Based Allocation. Under the new construct, the first two allocations received by the state would be for cadre-based activities such as planning, assessments, grant administration, and other homeland security and emergency management functions. The emergency management responsibilities would continue to be administered through EMPG. The homeland security cadre-based grant would be very similar to



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EMPG in construct and administration, but managed through the HSA. This eliminates the need for added management and administrative costs and allows the cadres to be national assets in homeland security and emergency management efforts. Just as EMPG has been proven to reduce the reliance on federal assets during disaster response, this new construct would achieve the same benefit in the prevention of terrorism.

Improved Planning & Assessments. The cadre-based grants will also maintain both a comprehensive Threat Hazard Identification Risk Assessment (THIRA) in coordination with DHS and a comprehensive preparedness strategy to assess current capabilities and determine future requirements. This strategy will be based on actual need and not available grant dollars. It will identify gaps in core capabilities, vulnerabilities to natural disasters and terrorist attacks, and actions and proposed projects to fill those gaps. Most importantly, over time these gaps and the efforts undertaken to close them can be measured to provide states, Congress, and the Administration with measureable results. This enables the nation to finally address the question of “*what are we getting for all this money?*” This will also ensure conformity of the grant system within the new PPD-8 construct.

Investment Grants. A majority of the funding through this new system would go toward investment grants still made through a single allocation to the state. Unlike the current system of narrowly focused, uncoordinated programs, the proposed system would be project-based. The State Administrative Agency (SAA) and local governments (as well as combinations of grantees) would apply for funding based off their completed THIRA and comprehensive preparedness strategy. These applications are reviewed by a multi-disciplinary advisory committee, and the SAA makes awards as appropriate. This construct especially provides stability for jurisdictions currently operating in the Urban Area Security Initiative (UASI), ensuring a city can never again “fall off the list.” Due to their significant security issues, Tier 1 UASI’s would continue to be funded directly. This will ensure every urban area will be part of the THIRA and application process and no one is left out.

The outcome of this new comprehensive system results in several advantages over the existing system. All current grant applicants remain eligible to receive funding including ports, nodes of transportation, and urban areas. This new system ensures all grantees are integrated within the state and local THIRA process as well as national priorities. HSAs, SAAs, and emergency management directors have far more visibility on allocation of funds within the state and how projects and jurisdictions are working together for maximum efficiency of the taxpayer dollars. The comprehensive preparedness strategy demonstrates to Congress and the Administration where funding is utilized and how it is leveraged against existing gaps. Finally, this proposal allows the grant system to align with the new PPD-8 environment.

Again, this is not intended to be grant guidance or provide legislative language, but rather put forth a proposal for discussion on how to make the DHS grants more accountable, comprehensive, integrated, and user-friendly. We hope this will open a dialogue as to where we are as a nation with these grants and the best way to ensure the safety and security of our nation for the future while also ensuring our fiscal solvency.

Much has been accomplished with investments already made through the homeland security suite of grants. Regional and cross-jurisdictional coordination has been greatly enhanced, capabilities have been

developed and sustained, and a more robust response and recovery system is in place nationwide as a result of your efforts thus far. In our report of July 2011, we described some of the examples of increased capabilities as evidenced in real events. While these successful outcomes must be recognized, we believe the time has come to focus the nation's attention on a comprehensive "next step" prompted not by an attack but by our thoughtful reflection on what we have learned as a result of the years of implementation of these programs.

We would be more than pleased to provide you and your staff a briefing on the details of this proposal and look forward to working with you as the fiscal year 2013 budget process evolves. Please contact NEMA's Director of Government Relations, Matt Cowles, at 202-624-5459 or mcowles@csg.org with any questions or for more information.

Your partnership in ensuring the future and stability of these grants has long been appreciated by homeland security and emergency management professionals and we look forward to working with you as we all look to the future.

Sincerely,



Jim Mullen
President, National Emergency Management Association
Director, Washington Military Department Emergency Management Division

enclosure: *Proposal for a Comprehensive Preparedness Grants Structure*

cc: The Honorable Timothy Manning, Deputy Administrator, Protection and National Preparedness

Proposal for a Comprehensive Preparedness Grants Structure

December 2011

Background

This nation has made great strides in improving our safety and security. We have more comprehensive interoperable communications systems, regional response assets, a national system of intelligence fusion centers, and an unprecedented level of collaboration and teamwork among state and local responders.

Such programs as the Emergency Management Performance Grant (EMPG) Program and the Homeland Security Grant Program (HSGP) have done much to help public safety, law enforcement, emergency management, and a myriad of other professionals conduct a broad range of preparedness functions. From our neighborhood communities through all levels of government, we have acquired resources, achieved collaboration, and built systems to mitigate, prevent, prepare for, and respond to natural hazards and terrorist threats.

The current grants structure is complex and often contradictory. This creates unintended inefficiencies in investments and duplication of efforts. The current and continuing fiscal condition of our nation requires us to invest every dollar more wisely than ever before. We want to gain efficiencies in our grants so that we can increase the effectiveness of our mission.

We cannot continue to segregate our efforts just because we did so in the past. We must integrate our efforts so that we are agile in confronting any threat to the homeland, whether it is natural, technological or human-caused. We must build strengths and capabilities that are effective against many threats, reduce the consequences of many hazards, and thus reduce the risks to our nation. We, therefore, require a comprehensive preparedness grants system to fulfill the requirements of those professionals with critical homeland security and emergency management responsibilities.

Principles & Values

This nation – its people and their vital interests – deserves and expects an effective and efficient national preparedness system providing safety and security. Therefore, this system must:

- ***Support and enable the five mission areas of Presidential Policy Directive 8 (PPD-8):*** prevention, protection, response, recovery, and mitigation.
- ***Build a culture of collaboration enabling a posture of preparedness*** for all hazards – from nature, terrorists, or technology – capable of disrupting the social and economic equilibrium of our nation.
- ***Be agile and adaptive to confront changing hazards,*** emerging threats, and increasing risks.
- ***Be unified on goals, objectives, and strategy*** among federal, state, tribal, local, and territorial partners and with the private sector, non-governmental organizations, and the public at large.
- ***Build and sustain a skilled cadre across the nation*** that is well organized, rigorously trained, vigorously exercised, properly equipped, prepared for all hazards, focused on core capabilities, and resourced for both the most serious and most likely threats and hazards. This cadre will be an asset to the nation through mutual aid, other assistance between states and regions, or for national teams.

- ***Build, enhance, and sustain*** capabilities, self-reliance of the public, and resilience of our communities and nation.
- ***Reflect the fiscal responsibilities and limitations*** of the present and the future. This nation deserves safety and security, but it also deserves solvency. A state and local grant system must enable investments in capabilities that are of value to communities, regions, states, and the nation.
- ***Continually encourage innovation*** and ceaselessly weed out waste and inefficiencies.
- ***Encourage states and communities to self-organize*** with their neighbors to protect vital supply lines and assets and infrastructure of mutual value and to enable swift, coordinated response.
- ***Recognize that states, tribes, territories, and local communities know their jurisdictions best.*** They must have flexibility to set priorities, design solutions, and adapt to rapidly changing conditions. This must be done with full accountability.
- ***Provide full visibility to states, tribes, territories, and local communities of all federal homeland security and emergency management activities,*** investments, and programs within their jurisdictions. This disclosure is essential for full understanding of capabilities to address threats, hazards, and risks.
- ***Reinforce the value of leveraging federal investments with contributions*** from states, tribes, territories, and local governments and demonstrate the day-to-day value to jurisdictions.
- ***Continue to encourage and enable wide participation in review of projects and investments.***
- ***Recognize the complex interdependencies of our national systems,*** particularly the movement of goods, services, and people. The vulnerabilities of a jurisdiction often lie outside its borders and outside its ability to address them.

Purpose

We call upon Congress and the president to consider this proposal to reform state and local grants for the safety and security of our nation. To this end, we seek to:

- Encourage states, tribes, territories, and local governments to prepare and adopt comprehensive plans based upon *their* evaluation of threats, hazards, risks, and vulnerabilities facing them;
- Outline a program of grants to states, tribes, territories, and local governments or combinations of governments improving and strengthening the nation's homeland security and emergency management capabilities; and
- Encourage research, development, competition, and innovation enhancing the effectiveness and efficiency of emergency management and homeland security and the development of new methods for the prevention, preparedness, response, recovery, and mitigation of natural disasters and acts of terrorism.

This proposal presents a system enabling greater effectiveness in the mission with greater efficiency of resources. Over the past decade states, tribes, territories, and local governments have created new organizational structures, gained invaluable experience, and increased our capacity to manage multiple threats and hazards.

The high incidence of natural disasters and terrorist threats in the United States challenges the peace, security, and general welfare of the nation and its citizens. To ensure the greater safety of the people, homeland security and emergency management efforts must work together with shared responsibilities, supporting capabilities, and measurable progress towards a national goal. This unity of effort is essential to achieve the vital objectives of PPD-8 and success of the National Preparedness System.

This proposal outlines a system in which preparedness is a deterrent, prevention is achieved through collaboration, mitigation is a national value, and response and recovery encompass the “whole of community.” But the system works only where the principles guide the plans and where ideas lead to action. This reformed grant system shares control with those on the front line, enables flexibility while strengthening accountability, and ensures fiscal sustainability. State and local governments cannot do this alone.

A Comprehensive Preparedness Grants System

A truly comprehensive preparedness grants system must allow for each state to determine core capabilities, set priorities in a flexible manner, and measure performance and effectiveness. This proposal recommends the creation or continuation of grants to coordinate planning, measure effectiveness, develop and sustain a skilled cadre, and invest in effective and efficient projects.

Planning

- Conduct and maintain within each state a comprehensive Threat Hazard Identification Risk Assessment (THIRA) in concert with Department of Homeland Security (DHS) and state officials.
- Develop a comprehensive preparedness strategy to assess current capabilities, determine future requirements, and evaluate recent progress and initiatives.
- The strategy will focus on identified gaps and contain goals and objectives to fill those gaps. The objectives will be prioritized and funds will be prioritized to fill the most important gaps accordingly. Identifying existing additional capability that is owned and maintained by other jurisdictions and readily available for response through mutual aid should be an important planning activity.

A Skilled Cadre

A skilled cadre is imperative within any comprehensive preparedness system and should be supported through a grants program. This skilled cadre includes emergency management and homeland security personnel. Since such expertise remains the backbone of any system, their responsibilities would include (but not be limited to):

- Build and support statewide emergency management and homeland security all-hazards planning.
- Provide comprehensive and appropriate levels of training and conduct exercises for state and local personnel across the full spectrum of emergency management and homeland security responsibilities.
- Support the national priorities outlined in PPD-8 and the National Preparedness Goal.
- Conduct public education and outreach to further whole of community preparedness.

Within the skilled cadre grant, the existing EMPG would continue in its present form, including allocation method, match requirement, eligibility, management, appropriate funding, and flexibility. The existing policy continues that allows emergency management to administer EMPG if not the State Administering Agency (SAA).

A similar grant program will be established for state homeland security professionals affording the same opportunity to build and sustain a skilled cadre of personnel. This grant would be modeled after EMPG which has been proven highly effective due to the flexibility it provides along with accountability. EMPG currently maintains a 50-50 match requirement. Any match on the cadre-based grant for homeland security professionals should be instituted with a soft match option, and done so gradually over time in consultation with the states and professions involved.

Investments and Innovation

Many capabilities identified in the comprehensive planning system will require investment in longer-term projects and procurement to achieve needed levels of effectiveness. An investment grant program will enable decisions on

priorities across the broad range of emergency management and homeland security functions. This also enables swift adjustments in priorities in light of changing threats or increasing risks.

Unlike the homeland security cadre-based grant in which the SAA determines the allocation of funds to state and local jurisdictions, the investment grant focuses on sub-grantee applications for projects and other investments based on similarly comprehensive planning efforts at the local or regional level. States should establish and maintain a multi-disciplinary review committee that advises on investments and projects.

Eligible applicants to the investment grant include all currently eligible grant recipients under HSGP, local governments or combinations of governments, urban areas, regions, or other state-level agencies conducting appropriate preparedness activities. States with urban areas currently classified as “Tier 1” by DHS will continue to receive funding specifically for those areas, upon completion of a comprehensive preparedness strategy that has been approved by the state. Funding that would have been allocated to other participants in the current UASI program should be placed into the investment grant.

Eligible expenditures for investment grants should encompass all functions of the currently separate programs and the priorities of PPD-8, including equipment purchase and transfer, construction of emergency operation centers or similar facilities, special response units, critical infrastructure and key resource protection, medical surge, protection and resilience, information sharing and intelligence, and grant management and administrative costs. Pre-disaster mitigation should be an eligible project under investment grants and due consideration given to disaster loss reduction and resilience initiatives. Substantial data exists to justify continued pre-disaster mitigation programs in determining any set of priorities, and the disaster mitigation community’s interests groups must be intimately engaged in the grant prioritization process. Flood mitigation assistance and repetitive loss grants are not included as they are funded through the National Flood Insurance Program by insurance proceeds paid by policy holders. Furthermore, to continue supporting a culture of innovation, up to five percent of the total investment grant award may be distributed by DHS to unique and innovative programs across the nation to encourage best practices.

An Overview of the System

- Each state conducts and maintains a comprehensive Threat Hazard Identification Risk Assessment (THIRA) in concert with Department of Homeland Security (DHS) and state officials.
- A comprehensive preparedness strategy is developed to assess current capabilities, determine future requirements, and evaluate recent progress and initiatives.
- The state is awarded three allocations from DHS, including one for EMPG, one for the new homeland security cadre grant, and one for the new investment and innovation grant.
- Applicants will apply for funds from the investment grant based upon completed preparedness strategies. Applications are reviewed by a multi-disciplinary advisory committee, and the SAA makes awards as appropriate.

Conclusion

Our nation faces enduring hazards, pervasive threats, and ever-changing risks. Our current system lacks the agility to adapt swiftly or convert ideas into action. We need the nation to unite in a common vision of national preparedness, resilience, and self-reliance. This proposal enables states, tribes, territories, and local government to leverage their own resources with the federal investment to build this vision and be accountable for achieving it. We need all levels of government, supported by all professions and disciplines, to unite in this innovative national preparedness system.