



Consideration of Rolling Grant Deadlines for Hazard Mitigation Assistance Programs

July 26, 2016

Fiscal Year 2015 Report to Congress



Homeland
Security

Federal Emergency Management Agency

Foreword

July 26, 2016

I am pleased to present the following report, “Consideration of Rolling Grant Deadlines for Hazard Mitigation Assistance Programs,” prepared by the Federal Emergency Management Agency (FEMA).

This report was compiled pursuant to language in House Report 113-481, which accompanies the *Fiscal Year 2015 Department of Homeland Security Appropriations Act* (P.L. 114-4). An overview is included.

Pursuant to congressional requirements, this report is provided to the following Members of Congress:

The Honorable John R. Carter
Chairman, House Appropriations Subcommittee on Homeland Security

The Honorable Lucille Roybal-Allard
Ranking Member, House Appropriations Subcommittee on Homeland Security

The Honorable John Hoeven
Chairman, Senate Appropriations Subcommittee on Homeland Security

The Honorable Jeanne Shaheen
Ranking Member, Senate Appropriations Subcommittee on Homeland Security

Inquiries relating to this report should be directed to me at (202) 646-3900 or to the Department’s Deputy Under Secretary for Management and Chief Financial Officer, Chip Fulghum, at (202) 447-5751.

Sincerely,



W. Craig Fugate
Administrator
Federal Emergency Management Agency



Executive Summary

Pursuant to House Report 113-481, this report provides information to Congress on the possibility of operating the Hazard Mitigation Assistance (HMA) grant programs on a rolling deadline basis. House Report 113-481 encourages FEMA to consider allowing HMA grant programs to operate on a rolling basis. This would facilitate greater flexibility for applicants seeking assistance for community mitigation plans and pre-disaster mitigation projects, and would better accommodate the needs of applicants following an ensuing disaster. The Act directs FEMA to report on the viability of a rolling deadline for HMA grants no later than 90 days after the date of its enactment.

Section I of this report includes the legislative language that tasks FEMA with writing this report to Congress.

Section II of this report provides general background information about the HMA programs that Congress wants FEMA to consider operating on a rolling basis. This section includes historical information about mitigation funds that FEMA made available to states, territories, and federally recognized tribes after disasters or through an open application period, depending on the grant program.

Section III of this report analyzes the possibility of operating the HMA grant programs on a rolling deadline basis.

Section IV provides a list of abbreviations used in this report.



Consideration of Rolling Grant Deadlines for Hazard Mitigation Assistance Programs

Table of Contents

I.	Legislative Language	1
II.	Background	2
	Mitigation Planning	3
	Hazard Mitigation Grant Program	3
	Pre-Disaster Mitigation	4
	Flood Mitigation Assistance	5
III.	Analysis/Discussion	7
	Hazard Mitigation Grant Program	7
	Pre-Disaster Mitigation and Flood Mitigation Assistance	7
	Rolling Grant Deadline Alternative	8
IV.	Appendix	10

Tables

Table 1:	HMGP Lock-In (including SMC)	4
Table 2:	PDM Appropriated Funding and Amount of Funding Requested	5
Table 3:	FMA Appropriated Funding and Application Submittals	6

I. Legislative Language

House Report 113-481, which accompanies the *Fiscal Year (FY) 2015 Department of Homeland Security Appropriations Act* (P.L. 114-4), includes the following requirement:

Rolling Grant Deadlines

The Committee encourages FEMA to consider allowing Hazard Mitigation Assistance (HMA) grant programs to operate on a rolling basis to facilitate greater flexibility for applicants seeking assistance for community mitigation plans and pre-disaster mitigation, and to better accommodate the needs of applicants following an intervening disaster. FEMA is directed to report on the viability of a rolling deadline for HMA grants not later than 90 days after the date of enactment of this Act.

II. Background

This report was prepared because House Report 113-481 encouraged the Federal Emergency Management Agency (FEMA) to consider allowing HMA grant programs to operate on a rolling basis.

FEMA currently administers the following programs under the HMA umbrella: the Hazard Mitigation Grant Program (HMGP), the Flood Mitigation Assistance (FMA) Program, and the Pre-Disaster Mitigation (PDM) Program. Together, these programs provide significant opportunities to reduce or eliminate potential disaster losses to states, territories, federally recognized tribes, and local assets through hazard mitigation planning and project grant funding. Each HMA program was authorized by separate legislative action and differs slightly in scope and intent.

Hazard mitigation is any action taken to reduce or eliminate long-term risk to people and property from natural hazards. FEMA's HMA grant programs provide funding for eligible mitigation activities that reduce disaster losses and protect life and property from future disaster damages.

FEMA's HMA programs present a critical opportunity for undertaking hazard mitigation actions while simultaneously reducing reliance on federal disaster funds. On March 30, 2011, the President signed Presidential Policy Directive 8: *National Preparedness*, and the resulting National Mitigation Framework was finalized in May 2013. The National Mitigation Framework comprises seven core capabilities, including:

- Threats and Hazard Identification
- Risk and Disaster Resilience Assessment
- Planning
- Community Resilience
- Public Information and Warning
- Long-Term Vulnerability Reduction
- Operational Coordination

HMA programs provide funding for eligible activities that are consistent with the National Mitigation Framework's Long-Term Vulnerability Reduction capability. HMA programs reduce community vulnerability to disasters and their effects, promote individual and community safety and resilience, and promote community vitality after an incident. Furthermore, HMA programs reduce response and recovery resource requirements in the wake of a disaster or incident, which results in a safer community that is less reliant on external financial assistance.

Mitigation Planning

In accordance with Title 44 of the Code of Federal Regulations (CFR) Part 201, all PDM and FMA applicants must have a FEMA-approved state or tribal mitigation plan by the application deadline and at the time of obligation of the award. State agencies and federally recognized tribes applying for HMGP funding must have a FEMA-approved state or tribal mitigation plan at the time of the presidential major disaster declaration and, at the time, HMGP funding is obligated to the recipient or subrecipient.

Mitigation plans form the foundation for effective hazard mitigation. A mitigation plan shows a commitment to reducing risks from natural hazards and serves as a strategic guide for decision makers as they commit resources to mitigation. The mitigation planning process starts with the identification of hazards and the completion of a risk assessment, which leads to the development of a comprehensive mitigation strategy for reducing risks to life and property. Linking a mitigation plan to project development supports the applicant and subapplicant in selecting the most appropriate mitigation activities that best address the identified hazards, and takes into account community priorities, climate change, and resiliency. This process leads to better projects and ensures effective use of FEMA funds.

Hazard Mitigation Grant Program

The HMGP is authorized by Section 404 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (Stafford Act), Title 42 of the United States Code (U.S.C.) Section 5170c. The purpose of the HMGP is to ensure that the opportunity for undertaking critical mitigation measures to reduce risk is not lost during the reconstruction process following a disaster.

HMGP funding is authorized after a presidential major disaster declaration in the areas of the state requested by the governor. Federally recognized tribes also may submit a request for a presidential major disaster declaration within their affected areas. The level of HMGP funding available for a given disaster is based on a percentage of the estimated total federal assistance available under the Stafford Act, excluding administrative costs, for each presidential major disaster declaration, as described in 44 CFR Section 206.432(b). FEMA determines the amount of funding it will make available for the HMGP by a lock-in, which is a ceiling of funds available to a recipient, including its subrecipients. State agencies, tribal governments (federally recognized and non-federally recognized tribes), local governments, or certain private non-profit organizations may be subrecipients.

FEMA places a high value on mitigation, and the HMGP is a critical tool available to communities to reduce their risk to disasters. The states, territories, and federally

recognized tribes have the primary responsibility for selecting projects and administering the HMGP because they set the mitigation priorities and select the project applications that will be submitted. After reviewing project applications for eligibility, the state, territory, or federally recognized tribe forwards the applications consistent with its mitigation planning objectives to FEMA for review and approval. FEMA then awards mitigation grant funds to the state, territory, or federally recognized tribe, which disburses those funds to its communities.

Table 1 shows the HMGP lock-in ceiling for the past several years, which includes state management costs (SMC). These lock-in values are a result of presidential major disaster declarations across the Nation from FY 2006 through to FY 2014. Dollar amounts range from a low of \$186.5 million to a high of \$1.7 billion. FEMA determines the final lock-in amount 12 months after a presidential major disaster declaration and has not determined the final HMGP lock-in for disasters declared within the last 12 months. The amount shown for FY 2014 below will change after the lock-in has been calculated for all FY 2014 presidential major disaster declarations.

Table 1: HMGP Lock-In (including SMC)

Fiscal Year	Funding Available
2006	\$239,431,319
2007	\$323,919,676
2008	\$1,355,158,678
2009	\$384,958,843
2010	\$465,338,732
2011	\$876,578,950
2012	\$198,142,033
2013	\$1,715,794,601
2014	\$186,560,887

Pre-Disaster Mitigation

PDM is authorized by Section 203 of the Stafford Act, 42 U.S.C. 5133. PDM is designed to assist states, territories, federally recognized tribes, and local communities in implementing a sustained pre-disaster natural hazard mitigation program to reduce overall risk to the population and structures from future hazard events, while also reducing reliance on federal funding in future disasters. Local governments, state agencies, and tribal governments may apply for funding as applicants or subapplicants.

Congressional appropriations provide funding for PDM. The total amount of funds distributed through PDM is determined once the appropriation amount is provided for a given fiscal year. PDM funds are used for mitigation projects, planning activities, and their associated management costs.

Table 2 shows the amount of funds that have been appropriated to FEMA from FY 2006 through FY 2015, ranging from a low of \$25 million to a high of \$114 million. It also shows the amount of funding requested by states and federally recognized tribes for those years. The amount of funding requested far exceeds the amount of appropriated funds each year. In FY 2013 and FY 2014, FEMA limited the number of subapplications because of limited appropriations. In FY 2013, applicants were limited to submitting a maximum of five project and planning subapplications plus a management cost subapplication. In FY 2014, applicants were limited to a maximum of 11 project and planning subapplications plus a management cost subapplication. If FEMA had allowed applicants to submit an unlimited number of subapplications, the amount of funding requested would have been much higher, as shown for previous years.

Table 2: PDM Appropriated Funding and Amount of Funding Requested

Fiscal Year	Appropriated Funding (in Millions)	Amount of Funding Requested by Applicants (in Millions)
2006	\$50	\$141
2007	\$100	\$302
2008	\$114	\$308
2009	\$90	\$310
2010	\$100	\$258
2011	\$49.90	\$273
2012	\$35.50	\$452
2013	\$25	\$93
2014	\$25	\$75
2015	\$25	\$84
2016	\$100	Application Period Pending

Flood Mitigation Assistance

FMA is authorized by Section 1366 of the *National Flood Insurance Act of 1968*, as amended, 42 U.S.C. 4104c, with the goal of reducing or eliminating claims under the National Flood Insurance Program (NFIP). FMA was created as part of the *National Flood Insurance Reform Act of 1994*. The *Biggert-Waters Flood Insurance Reform Act of 2012* (P.L. 112-141) consolidated the Repetitive Flood Claims and Severe Repetitive Loss grant programs into FMA. FMA funding is available through offsetting collections from NFIP policyholders under the National Flood Insurance Fund for flood hazard mitigation projects as well as plan development, and is appropriated by Congress annually. States, territories, and federally recognized tribes are eligible to apply for FMA funds as applicants. State agencies and tribal governments are eligible to apply as subapplicants.

Table 3 shows the amount of funds that have been appropriated to FEMA from FY 2006 through FY 2015, ranging from a low of \$28 million to a high of \$150 million in the

recent FY 2015 appropriation. The table also shows the amount of funding that was requested for grants in those years. In most years, the amount of funding requested far exceeds the amount of appropriated funding. FY 2008 and FY 2011 likely were undersubscribed because of competing FEMA grant programs. These grant programs were consolidated under FMA in 2012.

Table 3: FMA Appropriated Funding and Application Submittals

Fiscal Year	Appropriated Funding (in Millions)	Amount of Funding Requested by Applicants (in Millions)
2006	\$28	\$40
2007	\$31	\$61
2008	\$34	\$31
2009	\$35.7	\$74
2010	\$40	\$90
2011	\$40	\$26
2012	\$40	\$69
2013	\$120	\$305
2014	\$100	\$232
2015	\$150	\$307
2016	\$175	Application Period Pending

III. Analysis/Discussion

FEMA's HMA grant program administration continually is improving by coordinating guidance across all HMA programs, delivering consistent training to all FEMA regions, cross-utilizing resources and expertise from each grant program, and developing unified policy decisions. Over the last 10 years, FEMA has simplified and streamlined the application and eligibility determination process, as well as program implementation, management, and closeout.

Hazard Mitigation Grant Program

HMGP operates on a rolling application basis because application periods open and close constantly throughout the year on the basis of disaster activity across the Nation. HMGP has a disaster-specific application period that begins on the date of a presidential major disaster declaration. In accordance with FEMA's regulations at 44 CFR Part 206 (implementing Section 404 of the Stafford Act), the recipient (states, territories, and federally recognized tribes) must submit all HMGP applications to FEMA within 12 months of the date of the presidential major disaster declaration. In the event of extraordinary circumstances, and upon written request and justification from the recipient, FEMA may extend the application submission timeline in 30- to 90-day increments, not to exceed a total extension of 180 days. The application period typically differs from one state, territory, or federally recognized tribe to the next depending on the date of presidential major disaster declaration. Recipients may submit grant applications at any time in that 12-month period and determine application due dates for their subrecipients.

Pre-Disaster Mitigation and Flood Mitigation Assistance

The following is a summary of the challenges to implementing a rolling grant application process for PDM and FMA programs:

- Section 203 (f)(1) of the Stafford Act states "The President shall award financial assistance under this section on a competitive basis." Using a rolling grant process, FEMA may approve projects as they are submitted and thereby making the programs less competitive nationally. This process would limit FEMA's ability to implement a coherent, nationwide mitigation strategy in any given year, and instead would reward those entities that submitted applications early versus selecting projects that could do the most good.
- The FMA and PDM programs are oversubscribed. Under the current application process, FEMA receives more applications than can be funded, which allows the

most cost-effective and beneficial applications to be approved by using a competitive evaluation program. Under a rolling grant application process, FEMA would be obligated to fund any eligible project as it was submitted.

- Per Section 203 (f) for the Stafford Act, each state is eligible to receive 1 percent of the annual appropriated funding (but not more than \$575,000 and no state may receive more than 15 percent of the annual appropriated funding). With 50 states, the District of Columbia, and the eligible territories, 56 percent or no more than \$32,200,000 could account for the available funding in the set-aside. In addition, FEMA has been setting aside a portion of the available funding for tribal applicants to ensure that they have an opportunity to receive funding, which in FY 2016, was a 10-percent set-aside. If FEMA used a rolling application period, FEMA would need to set aside funding for each state until all of the states had submitted applications. This would delay all program decisions while waiting for all states to submit applications, many of which do so at the last opportunity.
- The costs for administering the FMA and PDM programs would increase because efficiencies of scale would be minimized. PDM and FMA application periods typically have coincided with one another to achieve efficiencies of scale and to allow for a concurrent review process. Under a rolling deadline, FEMA would require additional resources including staff to review applications at various points throughout the year. FEMA also would require additional resources for contracting staff when detailed technical reviews are performed for project applications. Furthermore, applicants are familiar with the current application process for FMA and PDM, and FEMA would require resources to communicate the new process with communities. Currently, FEMA provides assistance, via webinars and fact sheets, to promote the submittal of eligible applications for FMA and PDM during the open application period. If we established a rolling grant period, FEMA likely would offer webinars, and perhaps other training, on an ongoing basis to support the on ongoing application process.

Rolling Grant Deadline Alternative

If the PDM and FMA programs were to operate under a rolling grant deadline process, FEMA would open an application period at the same time every year, but it potentially could be prior to the passage of the fiscal year budget. This would cause uncertainty for applicants and subapplicants in terms of how they should prioritize their applications for funding. Because the amounts of PDM and FMA funding fluctuate from year to year, applicants never would know how many applications that they can submit, or whether or not they can submit complex, expensive projects. Under this scenario, FEMA has determined that a rolling grant application process would not be the most feasible or effective alternative in implementing either the PDM or FMA program. After reviewing

FEMA's existing HMA grant management practices, along with the rolling grants deadline alternative, FEMA concludes that means currently exist within HMA to manage grants efficiently and effectively, in a manner that affords the greatest flexibility to applicants and maintains the competitive nature of the grants.

IV. Appendix

CFR	Code of Federal Regulations
FEMA	Federal Emergency Management Agency
FMA	Flood Mitigation Assistance
FY	Fiscal Year
HMA	Hazard Mitigation Assistance
HMGP	Hazard Mitigation Grant Program
NFIP	National Flood Insurance Program
PDM	Pre-Disaster Mitigation
SMC	State Management Costs
U.S.C.	United States Code