U.S. Department of Homeland Security
Washington, DC 20472

FEMA

August 7, 2012

MEMORANDUM FOR: Secretary Janet Napolitano

FROM: W. Craig Fugate
Administrator

SUBJECT: Waiver Request – Conference Exceeding $500,000 – FY-2012 AFG & SAFER Peer Review Panels

Purpose

To obtain your waiver, as authorized by Office of Management and Budget Memorandum (OMB) M-12-12, from Administration policy prohibiting agencies from incurring net expenses greater than $500,000 from their own funds on a single "conference." I seek this waiver for forthcoming peer review panels, which Federal law requires before awarding grants under the Assistance to Firefighters Grant (AFG) and the Staffing for Adequate Fire and Emergency Response (SAFER) programs. Even after considerable cost cutting, our proposed net cost is approximately $607,000; nevertheless, this is the most cost-effective, available option to achieve the compelling purpose of timely awarding $675,000,000 in vital grants to the Nation's fire services.

Background and Discussion

A recent memorandum from OMB prohibits agencies from incurring net expenses greater than $500,000 from their own funds on a single "conference."[1] Consistent with the Federal Travel Regulations, the OMB memorandum defines "conference" as "[a] meeting, retreat, seminar, symposium or event that involves attendee travel." The OMB memorandum provides, "[t]he agency head may provide a waiver from this policy if he or she determines that exceptional circumstances exist whereby spending in excess of $500,000 on a single conference is the most cost-effective option to achieve a compelling purpose." The memo also requires the agency head to document the waiver in writing.

Given the legal and logistic requirements for peer review, I believe a single peer review meeting—in OMB terms, a "conference"—is the most cost-effective option to achieve a compelling purpose: the equitable, transparent, efficient, and timely awarding of these vital public safety grants. The AFG and SAFER programs generated over 13,000 applications this year competing for $675,000,000 in highly sought after grant funding. Through pre-screening, FEMA will reduce the number of applications for peer review to approximately 7,000. The Department and FEMA committed to

[1] Memorandum for Jeffrey D. Zients, Acting Director, Office of Management and Budget, to the Heads of Executive Departments and Agencies, Promoting Efficient Spending to Support Agency Operations, M-12-12 (May 11, 2012).

Congress and stakeholders that we would make AFG and SAFER grant awards by the end of the fiscal year, despite backlogs and various delays, including legislative disputes over waivers necessary to administer the SAFER program. In order to keep that commitment, upon which many fire services are relying, FEMA must conduct the required peer reviews this month, in August.

To ensure fairness and transparency, the statutes establishing these programs mandate peer review as part of the grant award process.[2] FEMA, in consultation with national fire service organizations, selects fire service professionals and other subject matter experts from around the country to participate in the peer review process. This year, FEMA chose to combine the peer review processes for the two fire grant programs into a single event. The economy of scale from combining the AFG and SAFER peer reviews into a single event coupled with eliminating redundant support and travel produced a cost savings of approximately $75,000 or about 10 percent of past total net costs for 2 separate events.

FEMA expects the peer review panels to review the 7,000+ applications in five days. To accomplish this task, FEMA has selected 350 panelists and approximately 80 FEMA employees and contractors to support them. Due to the sheer volume of applications to review and score, history demonstrates that 350 panelists require five full days to review and score 7,000+ applications. Indeed, past reviews scheduled for three or four days failed to complete their mission resulting in significant additional cost to fly in reviewers to score the remaining applications.

In order to support the peer reviews, FEMA requires a facility with lodging and workspace for over 435 people, along with dedicated wireless internet support. FEMA must also reproduce, distribute, and safeguard over 210,000 pages of grant application materials received in the National Capital Region (NCR). In order to keep distribution costs manageable, among other reasons, FEMA sought a conference location in the NCR. Holding this event in the NCR also eliminates the need to provide airfare, hotel, or per diem for NCR-based Federal and contract support staff, thus reducing the overall cost. Additionally, FEMA will provide no food or beverages to panel participants, and will use non-contract airfare to the fullest extent permissible by law to gain further cost savings.

FEMA conducted a tri-county search in the NCR to acquire bids from facilities that could accommodate these requirements during the month of August. Only two facilities responded affirmatively and FEMA selected the lowest bidder (approximately $35,000 less than the high bid)—the National Conference Center (NCC) in Leesburg, Virginia. NCC has hosted government events for more than 30 years and offers a value-priced nightly rate that covers accommodations and most meeting costs. We have been unable to identify Federal facilities or other no-charge spaces that can provide the required combination of time, space, and accommodations for a lower net cost.

In summary, the legislative delays that held up AFG and SAFER awards for FY 2011 and prolonged the application processes for FY 2012 drove us to undertake a combined peer review process in August 2012 in order to make awards by September 30, 2012 based on the period of availability of these funds. Although the economy of scale gained by combining the two peer review processes will cut our overall costs by an estimated 10 percent, the total net cost of the operation exceeds the $500,000 policy cap established by OMB. Nevertheless, the total net cost for a transparent and

[2] 15 U.S.C. §§ 2229(b)(15) and 2229a(a)(1)(g). AFG specifically requires FEMA to consult with national fire service organizations and then appoint "fire service personnel" to conduct the peer review.

equitable process is a fraction of the total grant funds involved—less than one-tenth of one percent. I believe these constitute exceptional circumstances and that spending in excess of $500,000 on a single "conference" to peer review over 7,000 fire grant applications in five days is, in this particular case, the most cost-effective option to achieve the compelling purpose of making vitally important public safety grant awards by September 30, 2012.

If you approve my request for waiver, I will have senior officials from FEMA's Office of Chief Counsel and Office of the Chief Financial Officer on site during the peer review process to ensure oversight and compliance with the applicable laws, regulations, and policies relating to travel, conferences, procurement, and ethical conduct. Additionally, I have instructed the FEMA Grant Programs Directorate to evaluate promptly both other locations and potentially less expensive methods of conducting future peer reviews following this peer review cycle.

Recommendation

I recommend that you grant my request for this waiver, as authorized by OMB Memorandum M-12-12, from Administration policy prohibiting agencies from incurring net expenses greater than $500,000 from their own funds on a single "conference." I seek this waiver to conduct combined peer review panels for the AFG and SAFER grant programs as required by law and at a proposed net cost of approximately $607,000 at the National Conference Center in Leesburg, Virginia, from August 19-24, 2012. I certify this is the most cost-effective, available option to achieve the compelling purpose of timely awarding $675,000,000 in vital grants to the Nation's fire services. I also certify that FEMA's Chief Counsel and Chief Financial Officer have reviewed and concurred with this recommendation, and will oversee the process going forward.

Approve/date 4/8/12 Disapprove/date _____

Modify/date _____ Needs discussion/date _____

Attachments