

MANAGEMENT DISCUSSION AND ANALYSIS

PART I

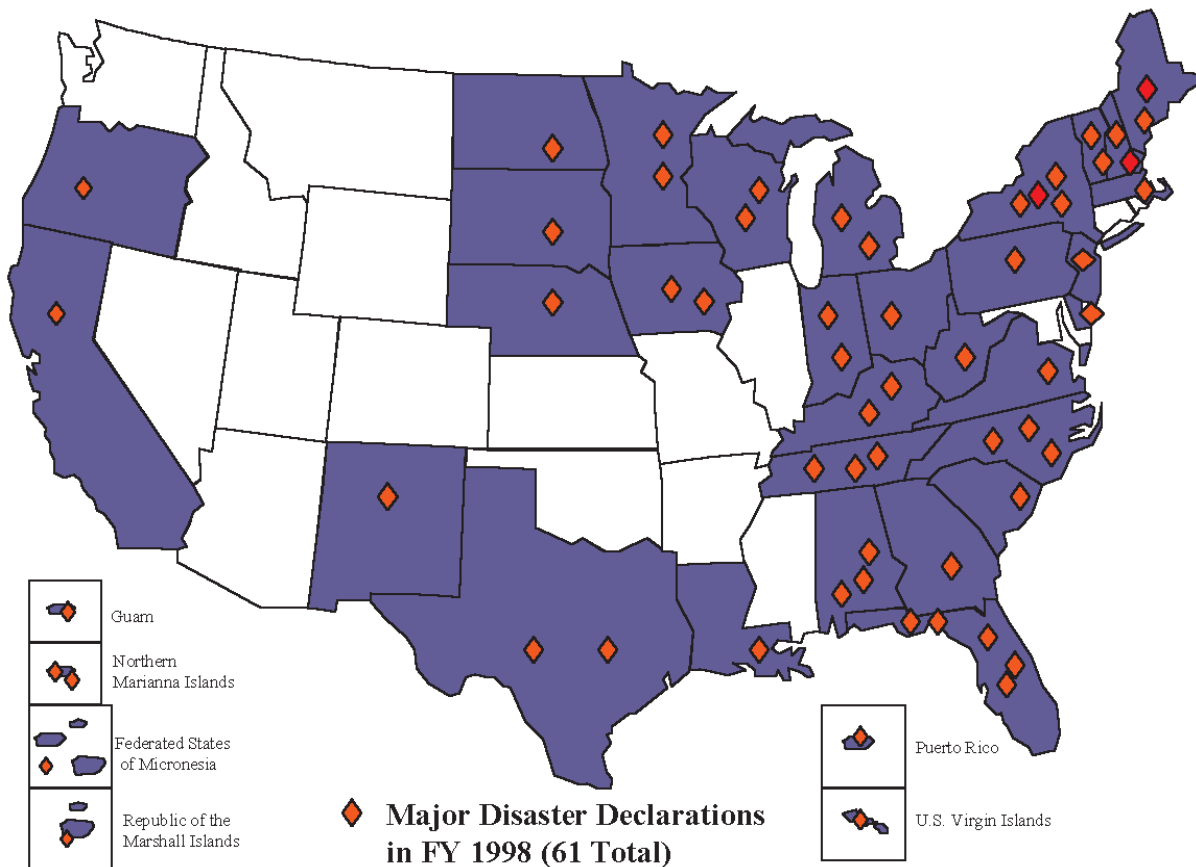
RESPONSE AND RECOVERY DIRECTORATE



Hurricane damage devastates a community.

The Response and Recovery Directorate plans, coordinates, and executes the Federal government's response to major disasters and emergencies, and manages and administers the Individual and Public Assistance Programs. During FY 1998, the President declared 61 major disasters that represent projected costs of \$3.7 billion dollars of which \$2.0 billion dollars was obligated in FY 1998 for response and recovery efforts. The Major Disaster Declaration map shows the distribution of disasters nationwide. For 1998, most major disasters were centered in the northeast, southeastern and mid-west regions.

FEMA coordinates and provides emergency assistance to individual disaster victims during and immediately after declared disasters. This assistance generally includes mass feeding, shelter, and medical care.



INDIVIDUAL ASSISTANCE

General Goal: *Provide prompt individual assistance to eligible disaster victims through an application process which offers clear, accurate information and caring personal support.*

After the initial disaster response, FEMA's Disaster Housing Program provides minimal repair for homes that can quickly be restored to a habitable condition, rental assistance for owners and renters whose primary residences are rendered uninhabitable as a result of a disaster, and mortgage and rental assistance for those who have received a written notice of foreclosure or eviction as a result of disaster related financial hardship. In partnership with FEMA, the States award funds for the repair and replacement of real and personal property and vehicles, as well as for medical, dental, and funeral expenses.

FEMA also coordinates an array of assistance services for individual disaster victims through other Federal, State, local and voluntary agencies. This includes disaster loans by the Small Business Administration, tax assistance through the IRS, disaster unemployment assistance through the Department of Labor, veteran's benefits through the VA, social security benefits by the Social Security Administration, food coupons through the Department of Agriculture, insurance assistance through the State Insurance Commissioner, legal services through the American Bar Association and consumer protection and crisis counseling through State and local entities.

FEMA serves as a clearinghouse and information dissemination contact point for these services for disaster victims. The vehicle for providing disaster housing assistance is the application process and associated services provided by FEMA.

* The performance results for all of the Performance Standards that follow under Individual Assistance are based on survey results for recipients of disaster assistance in all disasters declared for Individual Assistance in FY 1995–1997, and the first 15 Individual Assistance disasters in FY 1998.

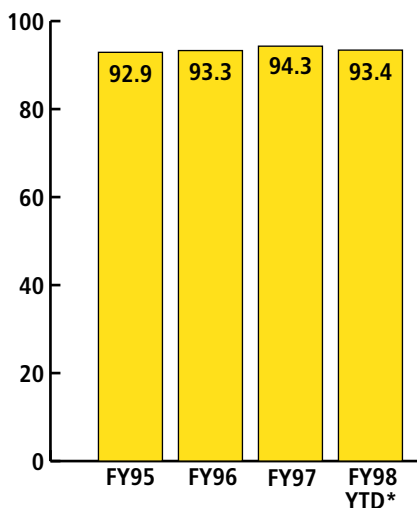
Performance Standard: *To provide applicants access to disaster assistance.*

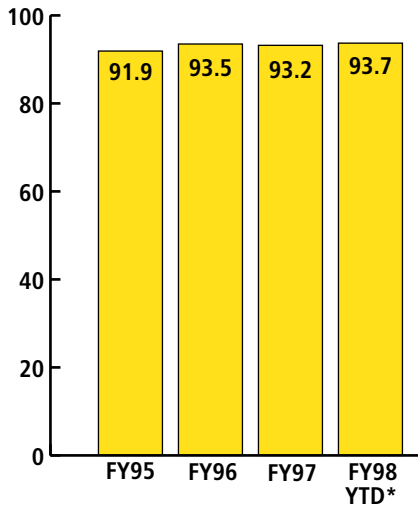
Disaster victims are often traumatized. Many find their homes destroyed or severely damaged. Property accumulated through years of hard work is lost. A lifetime of memories can be obliterated. This standard addresses the issue of ease of applying for disaster assistance in a time of trouble and turmoil.

Performance: Performance for this standard was consistent for the last four years with approximately 93% of recipients reporting that they had easy and prompt access to disaster assistance.

◀ Approximately 95% of those who received assistance told us the time they waited before talking with a FEMA representative was very short or reasonable. Approximately 92% of recipients reported that applying for assistance was easy. This indicates we are responsive and that we minimize red tape.

Performance Standard: *To provide clear, accurate information about available assistance and how to apply for it.*





This standard addresses the need for clarity and accuracy of information provided to disaster applicants on how they can apply for assistance provided both by FEMA and other Federal agencies. We are mindful of the fact that many applicants are bewildered by the events surrounding the disaster and have little experience dealing directly with government agencies. Clear accurate information minimizes the applicants' burden and helps to reduce the stress and frustration level.

Performance: From FY 1995 to FY 1998, approximately 93% of recipients reported receipt of clear and accurate information about available assistance and how to apply for it. Performance for this standard was nearly constant across these four years.

- ◀ Approximately 93% of recipients surveyed believed FEMA staff clearly explained the different types of assistance available to them. Approximately 93% of recipients surveyed during these years thought their understanding of the different types of assistance they could get was somewhat to very clear. Approximately 94% acknowledged that the information they received from the FEMA Helpline was accurate, while approximately 92% reported that the estimate given to them of when an inspector would come to their house was accurate.

Clearly, FEMA is meeting the expectations of customers for accurate, timely, and understandable information.

Performance Standard: *To provide eligible applicants with disaster housing assistance as promptly as possible, and give them an estimate of when assistance will be received.*

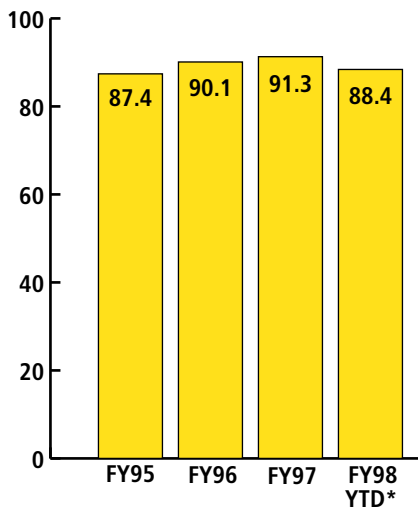
This standard focuses on the need for fast and timely processing of applications so that those who need housing assistance receive it as soon as possible. We realize that the provision of accurate estimates and prompt assistance allows disaster victims to take comfort in a sense of orderliness in rebuilding their lives.

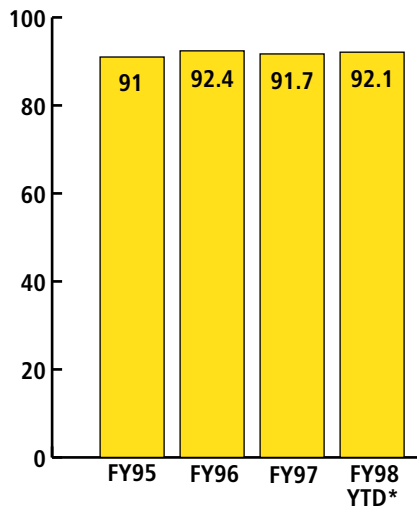
Performance: The standard average shows that approximately 89% of recipients report prompt receipt of disaster housing assistance and an accurate estimate of when that assistance would be received. Performance for this standard was lower in FY 1995 and FY 1998.

- ◀ Approximately 90% of recipients tell us the estimate of when the Government would issue them a check was accurate. Approximately 88% affirmed the length of time they waited for a check from FEMA was what they expected or shorter than they expected. FEMA is providing assistance in a manner that is atypical for governmental entities. This is recognized by our customers, whose expectations are exceeded in most instances.

Performance Standard: *To explain clearly what eligible applicants need to do after registration, what they can expect from Government agencies, and how long the process should take.*

This standard is designed to ensure that applicants are aware of any follow-up steps they may need to take after an application is





completed, and understand exactly what to expect in the way of assistance and timelines.

◀ **Performance:** Approximately 92% of recipients reported that FEMA clearly explained what to do after registration. There was little change in averages for this standard from FY 1995 to FY 1998.

Our survey data confirm our belief that managing disaster victims' expectations is important to their sense of well being and ability to reestablish control over their lives. These responses indicate that FEMA is doing a good job in providing the necessary structure to allow them to bring their lives back into balance.

Performance Standard: *To provide disaster victims with an opportunity to tell their stories to responsive FEMA representatives.*

This standard addresses the need of disaster victims to tell their stories to responsive individuals who understand the range of feelings they are experiencing. Both Teleregistration and Helpline contacts provide opportunities for victims to describe their situations and clarify options for assistance.

Performance: Performance for this standard remained basically the same from FY 1995 to FY 1998 with approximately 96% of recipients reporting that FEMA staff gave them an opportunity to tell their story.

◀ These responses tell us that FEMA staff provide applicants an avenue to express their feelings, which run the gamut from sadness, to bewilderment, to resentfulness, to rage, in a professional and understanding way. FEMA staff understand that it is important to allow disaster victims to vent their frustrations and to grieve for their losses.

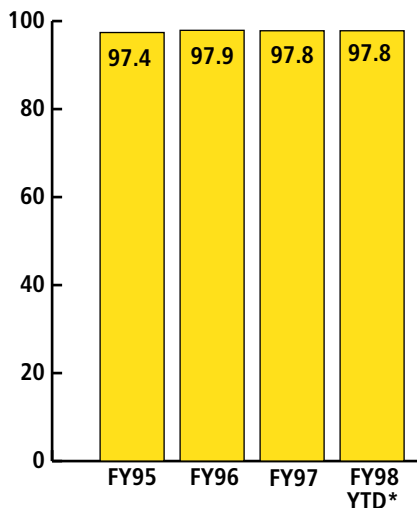
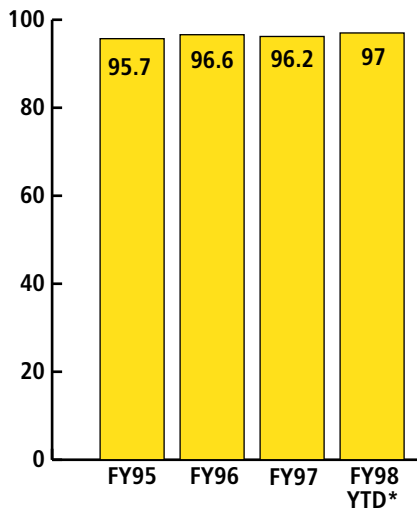
Performance Standard: *To treat applicants with respect and caring.*

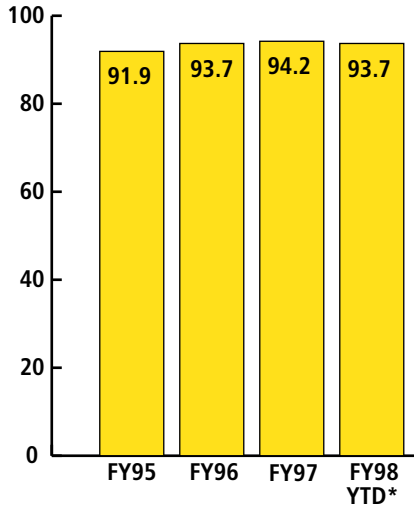
This standard concerns the issue of customer human relations and how we as service providers interact with and treat our customers. Our customers contact us at a time of vulnerability. It is very important that we treat them with care and consideration in a warm, helpful and respectful manner.

Performance: Most recipients, approximately 98%, reported that FEMA staff treated them with respect and caring. Performance for this standard was virtually unchanged from FY 1995 to FY 1998.

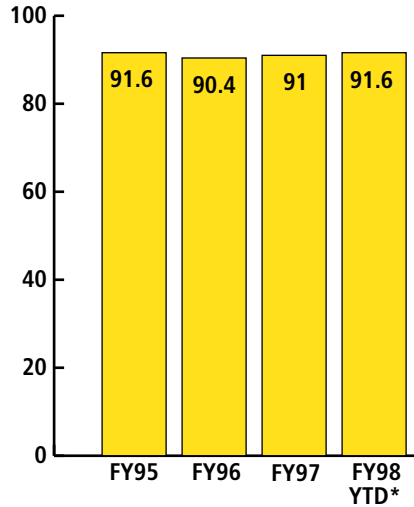
◀ Approximately 99% of recipients rated FEMA application takers as respectful, while 96% of recipients felt that FEMA staff were genuinely interested in their situation. FEMA staff are trained to consider the applicants' situation, needs, and feelings in every interaction. Our processes and performance reflect this emphasis. We have shifted the view of the government official from that of an officious bureaucrat to that of a caring, concerned, and helpful professional. When we ask recipients of our services questions about FEMA's performance overall, they tell us that FEMA has performed admirably.

Approximately 90% of respondents tell us they feel they have been able to begin to rebuild their lives since the disaster.

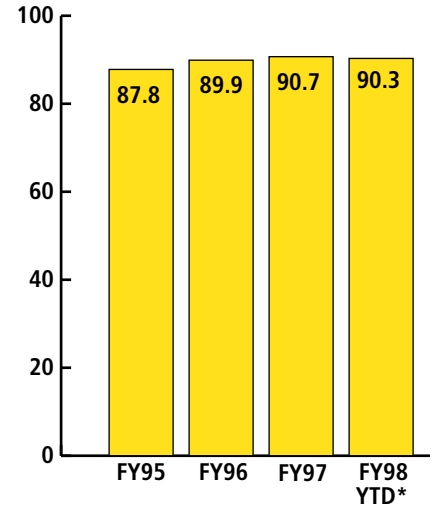




An average of 93% of recipients reported that, overall, the service they received while applying was good to excellent.



An average of 91% of recipients reported that, overall, the service they received from the FEMA Helpline was good to excellent.



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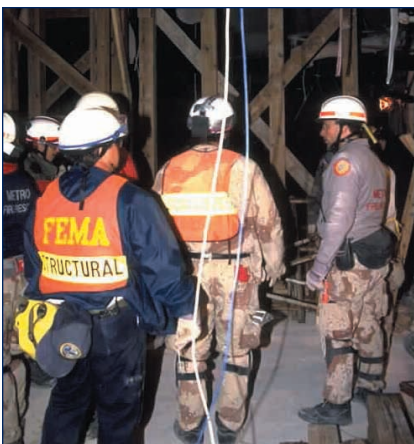
FEMA employees are proud of the record they have achieved during the last few years as a result of business process reengineering of the Disaster Housing Program. FEMA plans to develop even more sophisticated surveys to capture greater detail about assistance programs. The results of those surveys will be included in the next Accountability Report.

INFRASTRUCTURE SUPPORT—PUBLIC ASSISTANCE

General Goal: *By transforming public assistance into a customer driven and performance based program, improve the quality and delivery of service to our State and local applicants.*

Public Assistance provides supplementary aid to State and local governments and certain private nonprofit organizations to enable the community to recover from the devastating effects of major disasters and emergencies. Public Assistance supports the community's efforts to restore critical lifelines necessary for the reestablishment of normal daily activities and commercial relations.

FEMA assists jurisdictions in removing debris from public roads and in repairing or restoring roads and bridges so that vehicular traffic can resume. FEMA assists the community in restoring critical lifelines — utility distribution systems such as electric power, water and waste treatment plants, and sanitary sewer lines which permit communities to reestablish communication and public health. FEMA assists in repairing public buildings and facilities so that



FEMA structural engineer assesses damage to a public facility.

governmental operations can resume. FEMA assists in repairing educational, medical, and other facilities providing health and safety services that are necessary for the general well being of the population.

Performance Standard: *Customers will be issued policy that is consistent, appropriate, and flexible.*

In past disaster operations, FEMA has been criticized for its policies that lack flexibility as applied to different types of disasters and for its misinterpretation in the field during disaster recovery activities. Confusion has abounded in these situations. FEMA has recently undertaken a new policy initiative to ensure that, in future disasters, policies will be flexible to accommodate all types of disasters and that these policies will be applied consistently. This standard will help to measure our success in streamlining and clarifying FEMA policy for the handling of public assistance to better serve our applicants' needs.

◀ **Performance:** Preliminary results of our surveys taken during 1998 suggest that FEMA is making progress towards streamlining its policies and consistently applying these policies to Presidentially declared disasters nationwide. The streamlining process is a long one. FEMA hopes that as this initiative develops, resulting in the appropriate policy application and interpretation in the field, the confusion previously experienced will be replaced with increased applicant satisfaction.

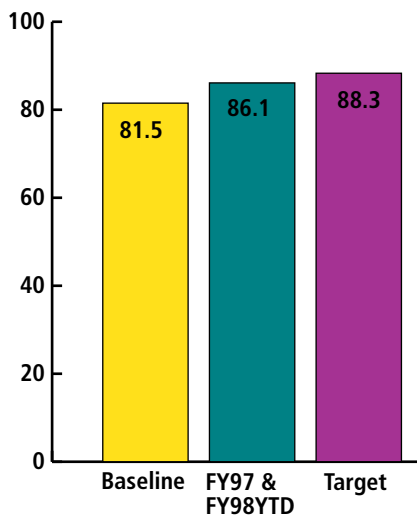
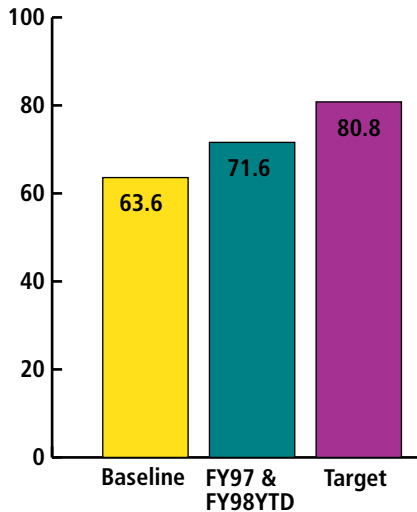
Performance Standard: *Customers will be satisfied with the overall Public Assistance Program and process.*

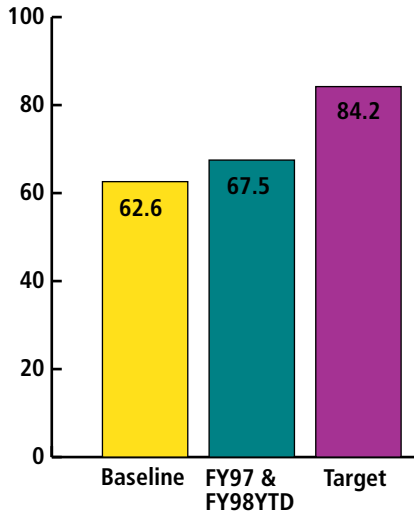
Before the implementation of the New Public Assistance Program, FEMA was not fully cognizant of how our policies, programs, and procedures affected our customers — State and local governments. Since implementation, the New Public Assistance Program has experienced a fundamental shift in thinking. The developmental aspects of the new program were crafted with our customers/partners. The measure of success for the program now focuses on the applicants' satisfaction with the new program and its processes.

◀ **Performance:** It appears improvement has been made by utilizing some of the key components of the new process. Although the New Public Assistance Program had not been fully implemented for those surveyed in fiscal year 1998, initial post-disaster survey results show that satisfaction with the overall program increased five percentage points above the baseline figure, bringing FEMA to within two percentage points of meeting this target.

Performance Standard: *Customers will be satisfied with the overall Damage Survey Report (DSR) process.*

Oftentimes, changes occurred during the DSR review stage that reduced the amount eligible for the repair. Applicants were made aware of this reduction only upon final notification of their DSR(s).



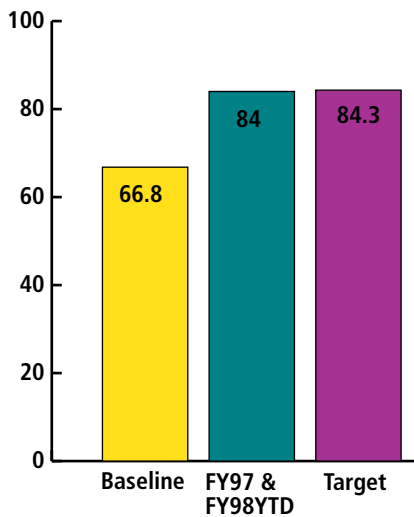


This led to applicant dissatisfaction with the DSR process, and with the operation of the Public Assistance Program itself. This standard will chart the progress, or lack thereof, made in the New Public Assistance Program to establish close communication, coordination, and cooperation during the application process. The New Public Assistance Program keeps applicants informed at all stages and junctures of the application process.

◀ **Performance:** FEMA's performance during fiscal year 1998 stayed within the range of the baseline survey, showing a slight improvement over past practice. None of the post-disaster surveys to date, however, reflect the implementation of the New Public Assistance Program. FEMA hopes to move closer to its performance target based upon the implementation of several new components of the new program, including, but not limited to, expedited immediate needs funding, small project validation, and case management system. The first test of this standard under the new program will be reflected in the survey reports published during fiscal year 1999.

Performance Standard: *Customers will be satisfied with the information received about the Public Assistance Program.*

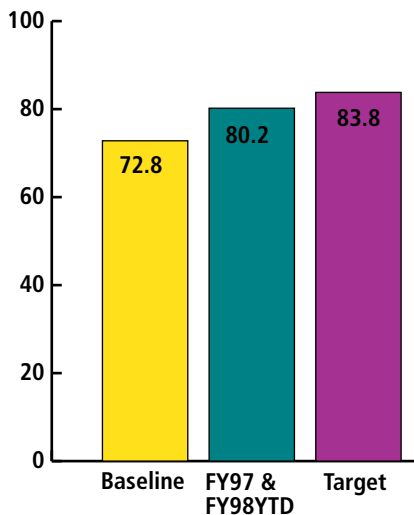
FEMA has not always devoted adequate resources to ensure applicants' understanding of funding processes, policies, and procedures governing the Public Assistance Program. FEMA is now strongly committed to providing better policy and guidance, and an experienced and knowledgeable staff to further facilitate comprehensive and complete information dissemination to our applicants. This standard is the stimulus for FEMA to continue to improve in this regard.



◀ **Performance:** Survey results indicate that FEMA's Public Assistance Program staff made significant progress in informing applicants about the program. As a direct result of this interaction, FEMA has met this standard for fiscal year 1998. We hope to maintain this level of customer satisfaction over the next several years and will be evaluating this target as necessary so that we can continue to meet our applicants' needs.

Performance Standard: *Customers will have minimal administrative burdens.*

FEMA requires documentation to support applicants' DSRs and to obligate funding. Many applicants have contended that FEMA asks for too much documentation and that the Agency has created an overly difficult and bureaucratic process out of simple information gathering. As part of an overall Agency effort, FEMA is currently working on streamlining the administrative processes required of applicants to eliminate any duplicative, redundant, and unnecessary information to assess applicant needs and requirements expeditiously.



◀ **Performance:** Results from the first several disasters of 1998 indicate that FEMA has been successful in its effort to reduce the administrative burden of our applicants, coming within three

percentage points of our set target. It is anticipated that the application processes of the New Public Assistance Program, once implemented, will further reduce this burden to the point where all parties — Federal, State, and local — will experience increased satisfaction with the administrative processes and requirements of the program.

Performance Standard: *Customers will be served in a timely manner.*

A large part of providing customer service to our applicants is in processing funding quickly so that projects are not delayed. Keeping this in mind, FEMA is committed to expediting funding to our applicants as quickly as possible without compromising the quality or integrity of the review process. Speedy distribution of assistance permits the State and local governmental organizations and entities to rebuild infrastructure so that the community can return to normal as soon as is practical. It also enables FEMA to close disasters faster. This standard addresses the timeliness of FEMA's DSR and funding processes.

◀ **Performance:** Initial responses suggest the damage review process has been successfully expedited. With the implementation of the new program, the timeliness in the release of disaster assistance funding should continue to improve, increasing applicant satisfaction with this particular component of the program.

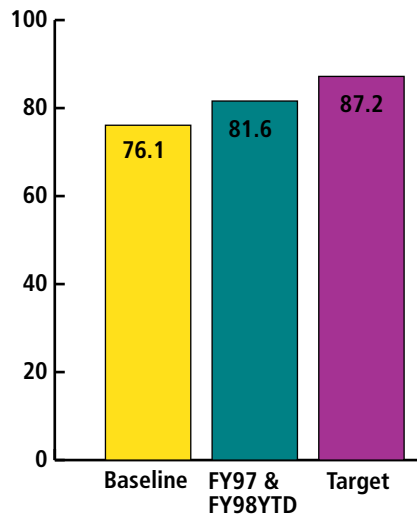
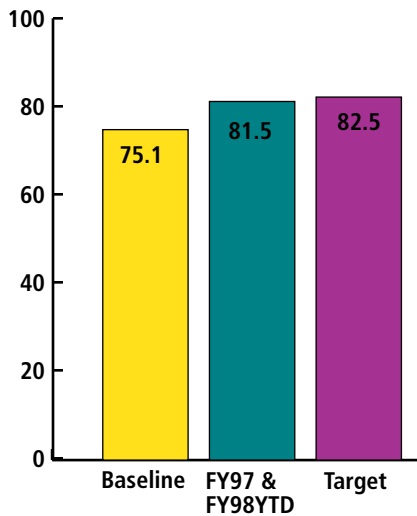
Performance Standard: *Customers will be served with minimal turnover by staff who are responsive, competent, accountable, and customer friendly.*

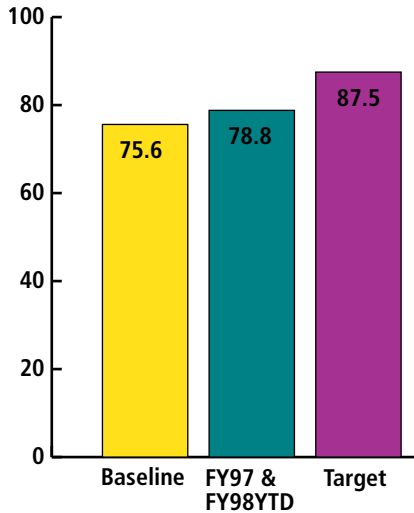
This standard represents one of the major initiatives undertaken in the New Public Assistance Program. Policy interpretation, DSR process, and information dissemination are all impacted by the quality of staff implementing the new program. Customer satisfaction rests largely on the people implementing the program. FEMA staff will be responsive to customer needs by increasing their availability, will be knowledgeable about general operations, will be responsible and accountable for quality of work, and will conduct business in a pleasant, respectful, and professional manner.

◀ **Performance:** We appear to have made good progress in improving overall applicant relations with FEMA during the disaster recovery process. To further facilitate this relationship, FEMA is developing guidance for its Cadre 2000 staff initiative. This initiative is a means of ensuring that our customers will be served by a competent and responsive staff throughout all stages of the application and recovery process. Slated for implementation on October 1, 2000, this initiative should help FEMA to achieve its projected target.

Performance Standard: *Customers will be treated as partners.*

As well as being our customers, State governments are also FEMA's partners in the disaster recovery process. Frequently, however, during recovery activities, FEMA has not recognized the full





importance of the State’s role and its participation in the overall process. Under the new program, this has changed. In addition to being considered FEMA’s full and equal partner in disaster recovery, FEMA has broadened State responsibilities, enabling States to administer the Public Assistance Program for the Federal government, in conjunction with FEMA. This standard was developed to acknowledge States nationwide as being both FEMA’s customers as well as our partners, and to ensure they remain as such in theory and in practice.

◀ **Performance:** Survey data show there has been some movement in a positive direction beyond the baseline level. As the roles of the State and Federal government are more clearly defined and responsibilities are assumed under the new program, the inter-working relationship between these two entities should improve dramatically and further facilitate the disaster assistance recovery process.

CONCLUSION

The resources assigned to FEMA’s Response and Recovery efforts are devoted primarily to assisting individual families and communities devastated by disasters. These dollars work for the American people in the way the President, the Congress, and the taxpayers would most hope to see. Not only do they rebuild lives and communities, but they also serve as an economic stimulus for the communities, and provide a direct infusion of capital to rebuild local economies, making them productive and adding value to the economic well being of the nation. Equally important, our disaster assistance customers and communities are telling us that, in the short term as well, FEMA’s service is of high quality and provides genuine assistance in time of need. We are performing at a very high level.

MITIGATION DIRECTORATE



A home in Project Impact community Freeport, New York is being retrofitted with hurricane-resistant measures.

Mitigation is sustained action taken to reduce or eliminate long-term risk to people and their property from hazards and their effects. FEMA developed a National Mitigation Strategy to guide the Agency's efforts into the future. The ultimate goal of the strategy has two components. By the year 2010:

1. To substantially increase public awareness of natural hazard risk so that the public demands safer communities in which to live and work; and
2. To significantly reduce the risk of loss of life, injuries, economic costs, and destruction of natural and cultural resources that result from natural hazards.

The fundamental premise of the Strategy is that current dollars spent on mitigation will save a significantly greater amount of future dollars by loss reduction. The Strategy supports moving toward a new approach by government: building new Federal-State-local partnerships and public-private partnerships as the most effective means of implementing measures to eliminate or reduce the impacts of hazards.

Mitigation resources identify, assess, and reduce the nature and extent of risk for hazards such as floods, earthquakes, hurricanes, and dam failures. Of the total budget of almost \$130 million for mitigation, \$73 million is charged directly to the National Flood Insurance Fund to support floodplain management activities. An additional \$30 million is used to support Project Impact sites, the centerpiece of the mitigation programs.

PROJECT IMPACT: BUILDING A DISASTER RESISTANT COMMUNITY

General Goal: *Help communities protect themselves from the devastating effects of natural disasters by taking preventative actions that dramatically reduce disruption and loss.*

In the past 10 years (FY 1989-FY 1998), FEMA has spent \$25 billion dollars from the Disaster Relief Fund to help people repair and rebuild their communities after natural disasters. That is not the total cost. Insurance companies spent additional billions in claims payments; businesses lost revenues; employees lost jobs; other government agencies spent millions more. Worst of all is the loss that can never be recovered: human life.



Volunteers gave up some of their time during 1998 "Spring Break" to install hurricane shutters in Deerfield Beach, Florida, a Project Impact pilot community.

With Project Impact serving as the centerpiece of FEMA's mitigation program, FEMA is changing the way America deals with disasters.

This nationwide initiative, Project Impact, operates on this common-sense, damage-reduction approach, basing its work and planning on three simple principles: preventive actions must be decided at the local level; private sector participation is vital; and long-term efforts and investments in prevention measures are essential. FEMA has used all the available mechanisms to get the latest technology and mitigation practices into the hands of local communities. The incentive is clear: a disaster resistant community is able to bounce back from a natural disaster with far less loss of property and consequently much less cost of repairs. Indeed, FEMA estimates that for every dollar spent in damage prevention, two are saved in repairs. It worked for the Anheuser Busch brewery in earthquake-prone Northern California. In the early 1980s, the company invested \$15 million to protect its facilities from a quake. The retrofitting was put to a severe test in 1994 when a quake whose epicenter was only 12 miles from the brewery rumbled through the area. Anheuser Busch estimates it saved \$300 million in damages and lost production: Operations never stopped, and repair costs were minimal.

FEMA established two target goals for Project Impact for 1998. To invite a least one community in each of the 50 states to become a disaster resistant community and recruit businesses to be Project Impact partners. FEMA recognizes that federal resources must be leveraged with those of the private sector as well as State and local resources to build disaster resistant communities. FEMA realized from the outset that public/private and intergovernmental partnerships were the only sensible approach to building disaster resistant communities.

With this thought in mind, FEMA enlisted the support of the US Conference of Mayors who pledged to support:

- Participation in Project Impact and other mitigation efforts;
- Incorporation of disaster prevention and preparedness measures into community planning initiatives; and
- Development of educational and peer-to-peer programs to help communities plan for pre-and post disaster recovery activities.

Performance Standard: *Invite at least one community in each of the 50 States to become a disaster resistant community.*

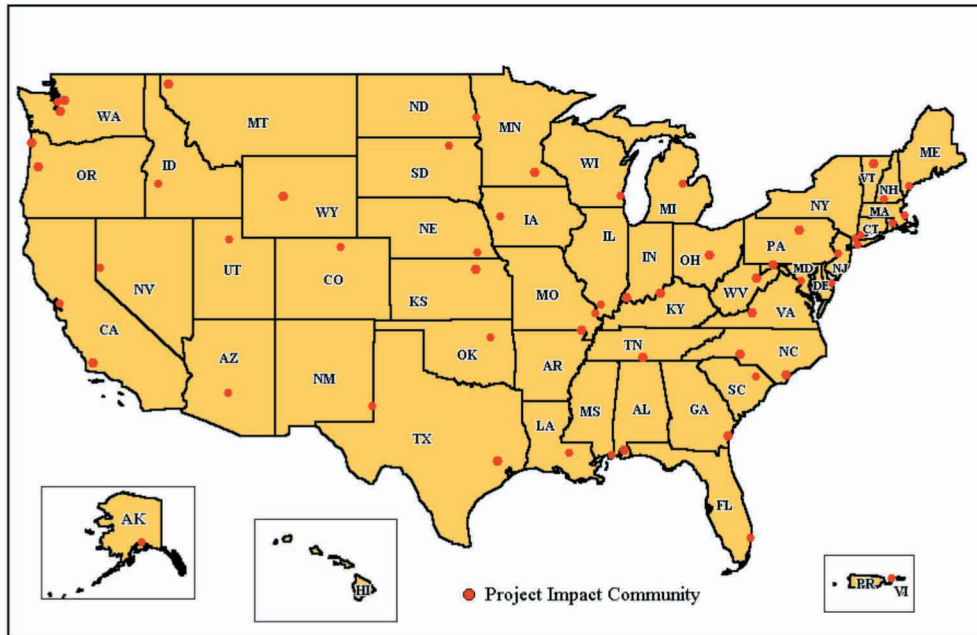
Performance: Fifty-seven disaster resistant communities were active in 49 States plus the District of Columbia and Puerto Rico by end FY 1998.

Performance Standard: *Recruit National Business Partners to be Project Impact partners.*

Performance: The National Association of Broadcasters (NAB) agreed to develop a disaster relief and damage prevention resource guide in support of Project Impact. NAB's disaster resource guide, to be developed in partnership with FEMA, the American Red Cross



Project Impact Communities Becoming Disaster Resistant



ITS Mapping and Analysis Center
Washington, DC
11/18/98 - 1500 EST

and the Salvation Army, will offer radio and television stations ideas on how to develop coverage and provide education about disaster prevention and post-disaster relief in local communities. The guide will include news and other programming ideas, script public service announcements and community outreach suggestions.

FEMA and Wall Street's financial community announced a public/private partnership to change the way businesses deal with natural disasters. Director Witt asked the Contingency Planning Exchange (CPE) to challenge its members to donate 12,000 hours of technical assistance to help small businesses learn how to prepare for disasters. Director Witt also asked the contingency planners to go back to their communities and develop and implement \$20 million in financial incentives that will encourage small businesses and communities to begin taking action to protect their communities and businesses.

Bell Atlantic created an internal organization, CommGuard to focus on minimizing the impact of a disaster on its communities and customers. As a Project Impact partner, one of Bell Atlantic's first contributions is to share its own preparation and prevention experience with FEMA. That information will help FEMA help other businesses avoid problems and recover quickly when disaster strikes. With customers in 13 States and the District of Columbia, Bell Atlantic also will play a significant role in Project Impact's education initiative.



The Buccaneer Hotel in St. Croix, U.S. Virgin Islands, is constructing new condominiums to exceed current building codes for hurricane standards.

Recently, Fannie Mae, our Nation's leading provider of home mortgage money, and the Association of Builders and Contractors, one of the nation's largest construction associations representing more than 20,000 member firms who employ more than 1 million workers, agreed to become Project Impact partners. They fill two of the biggest pieces of the disaster prevention puzzle. The Builders and Contractors bring the science, experience, and knowledge to build disaster resistant communities and Fannie Mae provides the accessible and affordable financing that American families need to become disaster resistant.

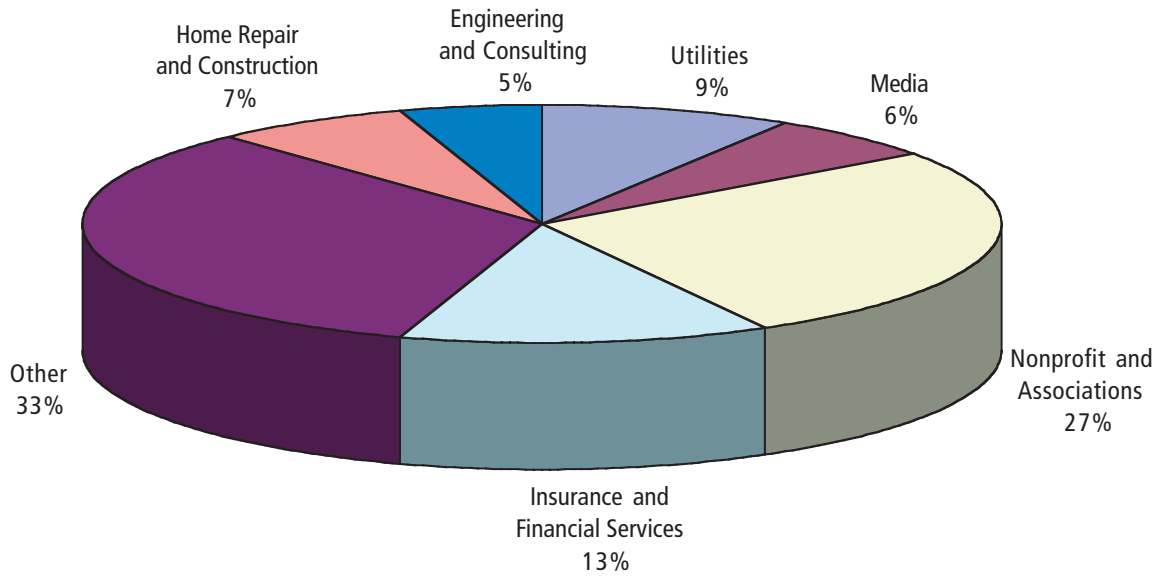
Fannie Mae developed a loan program to help homeowners finance disaster-prevention improvements. The program goes beyond just lending money. When a homeowner applies for a disaster prevention loan, he is given a list of certified contractors who have attended training classes provided by Fannie Mae to ensure the right work is done the right way. Fannie Mae and the Builders and Contractors join the more than 250 other local Project Impact business partners.

Performance Standard: *Recruit local businesses to be Project Impact partners.*

Project Impact's local business partners represent the segments of the business community that we would expect to be interested in building disaster resistant communities. Many non-profit organizations and associations are active supporters of the initiative such as local Chambers of Commerce, remodelers, builders, and real estate associations representing many business interests within the community. Insurance and financial services are actively involved as partners given their direct participation in financial aspects of protection of the community's and individual's assets.

Home repair and construction provide expertise and experience in dealing with the affects and aftermath of disasters but can provide expertise in fortifying structures to withstand the affects of disasters. Engineering and technical consulting companies provide a unique expertise that is usually called upon after disaster strikes but can be even more valuable if used in a preventive sense. Public utilities are the community's lifeline and their participation can add immeasurably to educating the public in how to protect themselves and their property. Media partners are instrumental in public information and education. Collectively, the multiplicity of business partners can strengthen a community's resistance and lessen the impact of disasters.

Performance: FEMA was able to recruit more than 500 businesses at the national and local levels to be partners in building disaster resistant communities by the end of FY 1998. We expect this number to swell as new Project Impact sites get underway.



Project Impact Local Business Partners

LOCAL BUSINESS PARTNERS

Initial results are very encouraging. When Hurricane Bonnie hit Wilmington, N. C., the city and Hanover County's initial efforts to start becoming more disaster-resistant were tested. As part of Project Impact, the Wilmington Public Safety Communications Tower, which collapsed during Hurricane Fran, was made flood and wind resistant. Due to pre-planning, this vital communications tower easily made the switch to emergency generator operations, all systems stayed on line, and the tower withstood Hurricane Bonnie's winds. As a result, the Wilmington area public safety communications system remained online with no interruptions during Hurricane Bonnie.

Taking a lesson learned from Hurricane Fran, nearby Wrightsville Beach initiated an LP Gas Tank Ordinance, requiring all tanks be dropped and secured to eliminate potential floating problems. By eliminating the danger of floating tanks, Wrightsville Beach eliminated possible explosions and fire damage when Hurricane Bonnie hit.

One of the best mitigation success stories resulting from Hurricane Georges was in the Virgin Islands. Although the work began before Project Impact was born, damage to property caused by Georges was minimal compared to the devastation suffered during Hurricane Marilyn in 1995. In fact, the Islands' Insurance Commissioner estimates that insured losses from Georges will not exceed \$5 million compared to insured losses of more than \$750 million from Marilyn. Why the dramatic loss reduction? After Marilyn, FEMA



Flooding affects every state in the country and costs millions of dollars a year.

worked closely with the Islands' government to develop and implement a stringent building code that ensured that all rebuilt structures would be hurricane resistant.

REPETITIVE LOSS INITIATIVE

In addition to reducing the disaster relief expenditures to communities that are mired in a damage-repair, damage-repair cycle, a critical goal of FEMA is to reduce the flood insurance subsidy to the owners of structures that have experienced repetitive flood losses. Repetitive loss structures are estimated to be about 35,000 buildings that have had two or more losses under the National Flood Insurance Program (NFIP) in any ten-year period, and which are currently insured by the NFIP. Over a three-year period, FEMA will target for mitigation 8,300 repetitive loss structures that have had four or more losses or otherwise offer the greatest cost-benefit, by acquiring, relocating, elevating, or flood-proofing those structures.

Because repetitive loss structures have the most severe risk of flooding, mitigation for them is highly cost-effective — these 8,300 buildings are responsible for almost \$70 million of the \$200 million in NFIP claims estimated to be paid annually for repetitive loss buildings. Since these buildings were generally built prior to the inception of the NFIP, the policyholders pay premiums that, by law, are substantially less than full risk premiums.

FEMA's strategy to reduce repetitive losses also includes other proposals:

- That flood insurance not be available to homeowners who have filed two or more claims that total more than the value of their home and refuse to accept offers of assistance to elevate, relocate, or acquire their home;
- That all public buildings be insured to 80 percent of their replacement value within the next two years.
- To enlist the active participation of local elected officials and floodplain managers and encourage them to take some responsibility to cut repetitive losses.

FEMA also will increase the use of its Hazard Mitigation Grant Program (HMGP) to mitigate damages to repetitive loss buildings. Data on repetitive loss buildings will be provided to State Hazard Mitigation Officers and other State and local agencies. States will be challenged to address repetitive losses through HMGP, and alternatives for requiring States to address repetitive losses with a portion of HMGP funds will be reviewed.

Performance Standard: *Convene a task force to examine the issue of repetitive losses in the National Flood Insurance Program. Develop a multi-year strategy for addressing and reducing repetitive losses.*

Performance: A task force was convened and produced an initial paper which provides:



External sand-bagging efforts can sometimes save the most important buildings in the community.

1. Information gathered by the task force with regard to the historical perspective on the repetitive loss issue for the NFIP;
2. Data that characterize the extent of the problem and likely target areas for addressing priority properties; and
3. Descriptions of activities that have occurred or are currently underway that address at least some aspects of the repetitive loss issue.

A strategy for addressing repetitive losses with mitigation funding, potential insurance coverage changes, information and outreach, and community incentives, was drafted. This draft “National Repetitive Loss Strategy” was presented in early 1999 to the National Emergency Management Association (NEMA) and the Association of State Floodplain Managers (ASFPM) for discussion and feedback.

Performance Standard: *Report to Congress on flood mitigation assistance.*

Performance: The first Flood Mitigation Assistance Program Biennial Report was sent to Congress in May 1998. The Flood Mitigation Assistance Program (FMA), a new grant program authorized in the National Flood Insurance Reform Act of 1994, provides funding for project planning, and technical assistance grants.

Performance Standard: *Develop a strategy for targeting Flood Mitigation Assistance Program grants to reduce the number of NFIP-insured repetitive loss structures through acquisition, relocation, and elevation.*

Performance: FMA funding is provided based in part on the number of repetitive loss properties in each State. In 1998, funding options to give more weight to States with more repetitive loss structures were presented to NEMA and ASFPM. Special appropriations were awarded for acquisition and relocation projects in Louisiana and Alaska.

CONCLUSION

As a major effort to re-invent the way we protect ourselves against disasters, FEMA initiated Project Impact. Rather than the traditional reaction to disasters via response and recovery action, FEMA proposed to aggressively attack disasters’ damage potential by reducing communities’ vulnerabilities, i.e., to establish disaster resistant communities. This is done in a consensus based, community driven manner.

Working in partnership with state and local governments, citizen groups, and private sector businesses, FEMA provided initial management impetus and funds in the form of grants for the pre-disaster mitigation of natural hazard risks to communities, including homes, public works and infrastructure. Along with initial management leadership, these funds served as the basis of Federal, State and private business partnerships for contributions of funds and efforts for community mitigation priorities.

Beginning at the end of FY 1997, seven communities were identified to participate in Project Impact. Since that time, with advertising, public education, community coalition building, and management attention, great growth has occurred. At year-end FY 1998, there are now 57 communities participating with 60 scheduled to join the effort in FY 1999.

Congress recognized that dollars invested in these communities for pre-disaster mitigation programs will ultimately and greatly help citizens from becoming disaster victims plus reduce the escalating cost of disaster response and recovery at all levels of government. In FY 1998, Congress established a base amount of \$30 million for pre-disaster mitigation. These funds enabled FEMA to expand from 7 communities and launch an additional 50 Project Impact communities nationwide.

For FY 1999, FEMA has proposed to establish a Pre-Disaster Mitigation Program to formalize and provide for permanent, continued expansion of this type of support. Such mitigation funding to reduce this exposure to disaster losses and reduce future costs amounted to \$25 million. This will enable FEMA's Project Impact initiative to add the 60 new communities in FY 1999. As measured in terms of reduced disaster costs, success will fuel additional expansion of the Project in the future.

PREPAREDNESS, TRAINING AND EXERCISES DIRECTORATE



Preparing for disaster response.

An integrated partnership of trained people, well exercised plans, and fully-capable systems, procedures and facilities at all levels of government and the private sector are essential for survival and quick recovery from disasters and other emergency situations. The programs included under this category provided \$156 million dollars of emergency planning, salary, and administrative resources to achieve this, and strongly support FEMA's first two Strategic Goals:

1. Protecting lives and preventing or reducing loss of property from the impact of all hazards; and
2. Reducing human suffering while enhancing the recovery of communities after a disaster strikes.

FEMA provided almost \$108 million in emergency planning assistance funds as grants to all 50 States to improve crucial State emergency management capabilities in the areas of emergency planning and operations, education of emergency personnel and the public, implementation of emergency operations centers, and exercises to test and evaluate capabilities. FEMA conducts other key activities such as providing training to Federal, State and local emergency responders at FEMA's Emergency Management Institute as well as through extensive independent study courses. FEMA staff also extend technical assistance to all levels of the emergency management community to include other hazards such as Radiological Preparedness and Hazardous Materials, and sponsor and coordinate a number of comprehensive exercises. All of these activities help create a knowledgeable and prepared emergency management community, ready to respond to all hazards emergencies.

STATE AND LOCAL ASSISTANCE AND SUPPORT

General Goal: *Support and improve State and local risk-based emergency management capability by providing Cooperative Agreement (CA) grants to the States under the auspices of the Performance Partnership Agreements.*

State and local emergency management personnel need to identify, prepare for, and have the capability to handle disasters and emergency situations which can occur in their jurisdictions. Since the needs of these State and local responders can vary widely, this program has evolved into a generalized approach in which States determine their primary needs and negotiate annual Cooperative Agreement grants which provide salaries and operating expenses to improve State and local organization's emergency readiness.

FEMA program staff provide planning guidance and technical assistance to States and localities, and foster emergency management information exchange among all levels of the emergency management partnership through a variety of means.

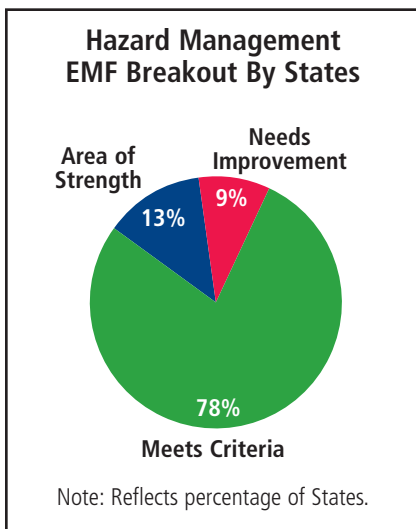
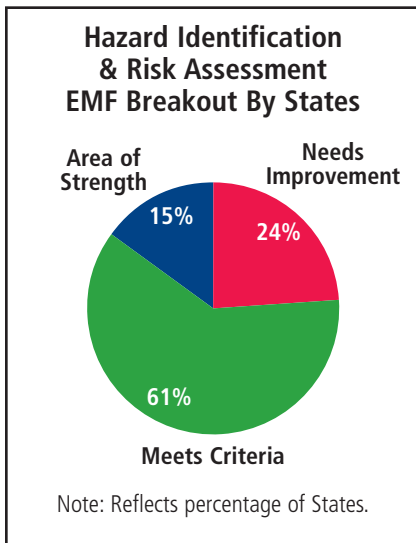
A comprehensive assessment mechanism, the Capability Assessment for Readiness (CAR) process, is used to help determine emergency management needs as well as strengths at the State level. The process is also helpful in identifying national trends among numerous critical areas of emergency management. The CAR not only serves as the basis for the annual negotiation of CA grants, but also is the only process FEMA has to comprehensively measure in outcome, rather than specific outputs, the progress of States and Territories in improving emergency management readiness. The CAR was successfully implemented for the first time in FY 1997, and will be conducted again in FY 2000 with significant enhancements.

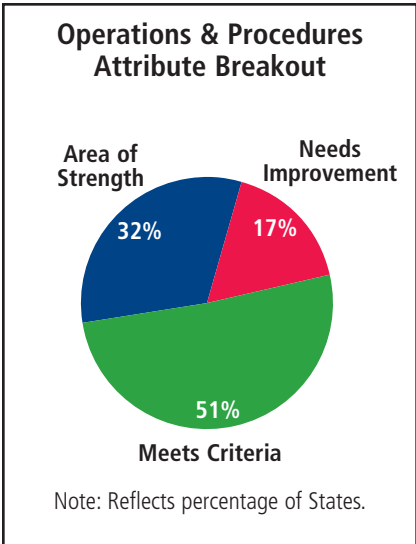
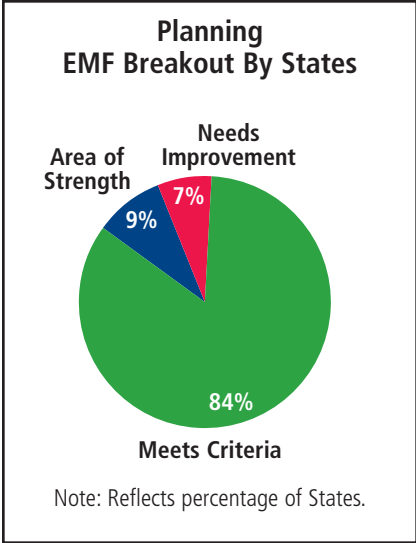
In the CAR process, States ranked themselves on a wide variety of attributes and characteristics contained in 13 Emergency Management Functions (EMFs), using a three-choice scale that ranged from a: "1" — need additional work to meet the attribute or characteristic; to a "2" — normally meet the attribute or characteristic; or a "3" — always or consistently meet the attribute or characteristic. The rankings for each State were then totaled by characteristic, within attribute, within EMF. A score of less than 1.5, represented in red on the charts below, indicates that improvement in the attribute or EMF is needed; a score between 1.5 and 2.5, shown in green, reflects a basic capability; and a 2.5 to 3.0, shown in blue, means that the State considers the attribute or characteristic a strength.

Performance Standard: *To improve State and local hazard identification, risk assessment, and hazard management.*

Identification of the potential hazards and risks that States and localities face, and the likelihood that these hazards will occur, is essential so that emergency personnel can manage hazards to the extent possible by developing adequate and cost-effective plans and procedures for mitigation, preparedness, response and recovery efforts.

- ▲ **Performance:** States need to conduct a comprehensive requirements analysis, and a hazard vulnerability assessment as a foundation for their emergency management planning and preparedness. The first graph shows that through the CAR process, 76% of the States reported a basic capability or better in this EMF. Once hazards have been identified and risks assessed, the next step is to eliminate these hazards where possible or to reduce their
- ◀ effects. The second graph shows that 91% of the States report a basic capability or better in this function. The States report a strength in consistently using one or more of the mitigation grants and programs available, but also identify several areas that need improvement, namely in developing and maintaining plans for a building and fire inspection program.





Performance Standard: *To improve State and local planning, operations, and procedures.*

Development, coordination, and implementation of operational plans, policies, and procedures between Federal, State, local and private emergency organizations are fundamental to successfully mitigating against, preparing for, responding to, and recovering from disasters. Experience in emergencies and disasters has shown repeatedly that when emergency plans and procedures are known, exercised, and used by response forces, reaction times are reduced, coordination is improved, and the overall response and recovery measures are more effective.

◀ **Performance:** The States ranked 38 different attributes in the CAR process that assessed their capability within the Planning EMF. Most of the States have had long experience in the development of a wide variety of plans to handle emergencies, and they update them regularly by folding in the results of exercise critiques and lessons learned following major disasters. The first graph from the CAR report shows that 93% of the States report a basic capability or better in this function. As a result of assessing themselves over the 43 attributes within the Operations and Procedures EMF, the States show that they have a basic or better capability in 83% of the attributes ranked, as shown in the second graph. Thus, the States indicate having many strong attributes in their disaster operations and procedures.

Performance Standard: *To improve State and local communications and warning capability.*

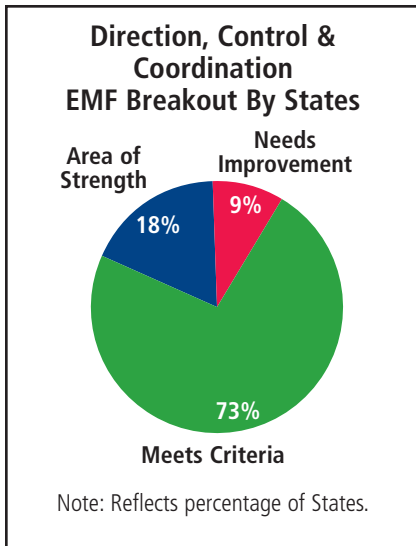
It is imperative that State and local governments develop and maintain a reliable communications capability to alert public officials and emergency response personnel, warn the public, and effectively manage response to an actual or impending emergency.

Performance: Of all data assessed within the 56 States and Territories within the CAR, the overall rating for this EMF is 2.09, indicating that this capability is currently at the acceptable level, and that the vast majority of the nation has an effective warning system in place to protect its system. With the clear need to identify threats to the population, along with the need to properly use limited first responder resources, this is a critical area of emergency management that must remain a priority item. While no strengths were identified at the attribute level, numerous strengths exist at the characteristic level.

Performance Standard: *To improve State and local emergency direction, control and coordination.*

Direction, Control, and Coordination (DCC) is critical during the three phases of an emergency response effort to allow officials to:

1. Analyze the emergency situation and decide how to respond quickly, appropriately, and effectively;



2. Direct and coordinate the efforts of the jurisdiction's various response forces;
3. Coordinate with the response efforts of other jurisdictions; and
4. Use available resources efficiently and effectively.

◀ **Performance:** The scores reflected in the CAR process for most of the attributes in the DCC functional area, indicate that most of the States have at least a basic capability in this functional area, as shown in the graph. The strongest attribute is the ability to activate the State's Emergency Operations Center. Most States have extensive experience in this function. Additionally, most States have solid experience in requesting implementation of the Individual and Family Grant, Public Assistance, and Hazard Mitigation Grant Programs.

Performance Standard: *To improve State and local efforts in public education and information dissemination.*

It is vital for jurisdictions to have an effective public information program to provide the public with accurate, timely, and useful information prior to and throughout an emergency response and recovery period, as well as an effective public education program regarding hazards affecting the jurisdiction and ways to mitigate and prepare against them.

Performance: The CAR process indicates that the vast majority of the nation has a very strong public awareness education program, along with those critical procedures in place for accurate and timely dissemination of public information. Eighty-five percent of the States reported that they possessed a basic or better capability in this area. Those close ties to the general population, along with proven processes, are of paramount importance during crisis periods.

HAZARD-SPECIFIC AND OTHER PROGRAMS

General Goal: *Provide the guidance, technical assistance, coordination, and sharing of information to help State and local emergency managers prepare for hazardous materials, radiological emergencies, and for FEMA Headquarters to support the Emergency Food and Shelter Program.*

In addition to general, all-hazard emergency preparedness, FEMA provides support directed at specific hazards such as hazardous materials that can affect all jurisdictions, and radiological emergency preparedness for the emergency planning zones of 68 currently-licensed nuclear power facilities in 31 States. FEMA also acts as the program coordinator for the Emergency Food and Shelter (EFS) Program which provides funds to local jurisdictions in over 2,500 cities and counties to relieve the problems associated with hunger and homelessness.

Performance Standard: *Continue to implement joint coordination and planning activities to deliver assistance for Hazardous Materials (HAZMAT) Emergency Preparedness in a*



Hazardous materials team member testing for hazardous air from contaminants.

more efficient manner, streamline grant funding, and print HAZMAT information.

The HAZMAT program uses several funding sources to provide the following: Superfund Amendments and Reauthorization Act (SARA) Title III training grants to States; HAZMAT information, in print and through support to DOT's Hazardous Materials Information Exchange (HMIX); delivery of HAZMAT training; support to State and local planning, exercise, and training projects; and coordination of interagency HAZMAT training efforts. FEMA needs to deliver these vital activities and information in the most efficient manner possible so as to simplify the program and funding streams whose multiplicity currently poses an administrative burden on State and local customers.

Performance: FEMA continued to implement joint coordination and planning activities to deliver assistance for HAZMAT emergency preparedness in a more efficient manner, and provided over \$4 million dollars in grant funding to States under SARA Title III. We also continued to provide the emergency management community with support in developing and sharing HAZMAT information using such tools as the Internet, and expanded the HAZMAT information available through the Preparedness Outreach Center.

Performance Standard: *Assist State and local governments in the development of off-site radiological emergency plans and capabilities within the emergency planning zones of commercial nuclear power facilities.*

State and local jurisdictions that fall within identified exposure planning zones near commercial nuclear power plants, need to develop plans and procedures to protect the off-site civilian population within those areas in the event of a nuclear accidental release of radioactive materials, and participate in joint exercises with licensees to test their capabilities.

Performance: FEMA's Radiological Emergency Preparedness (REP) Program assisted the affected State and local jurisdictions with technical assistance by: providing standards, guidance, regulations, and policy; helping in the development of training and guidance materials; in reviewing jurisdiction's and licensee's emergency plans; in scheduling, conducting, evaluating, and reporting on exercises; and in developing, managing, and conducting training programs in both resident and field formats. This has had a positive effect on other areas of emergency management within these jurisdictions. As a result, States participating in the REP Program score higher overall above the national average in all functional areas as reported in the CAR process.

Performance Standard: *Support the Emergency Food and Shelter (EFS) Program to efficiently and effectively deliver funds to local jurisdictions to assist local efforts to relieve the problems associated with hunger and homelessness.*



FEMA/NETC conducts ongoing skills training classes through the Emergency Management Institute.

This program supports over 11,000 local nonprofit organizations and government agencies throughout the country which advertise the availability of funds, assess community needs, make allocation choices, and assure the coordination of efforts and systems to prevent duplication of benefits. FEMA passes funds appropriated for this Program through in their entirety to the Program's National Board which is composed of heads of national charitable organizations, which then works with the local boards to distribute the funds rapidly and equitably to local jurisdictions to supplement community efforts to provide emergency food and shelter.

Performance: FEMA supported the National Board, performed oversight of program operations through development and administration of monitoring guidelines, and conducted special studies for the National Board on the impact of welfare reform, along with changes in immigration, food stamps, Aid to Families with Dependent Children, and Supplemental Security Income policies. This program is generally recognized for its success as a catalyst for national and local coalition building, and for delivering needed support at an extremely low administrative cost.

TRAINING

General Goal: *Increase the knowledge and expertise of local, State and Federal emergency management workforces and the public through an extensive curriculum of training courses and materials.*

In the last decade, our country has experienced many different types of disasters having greater impact, affecting a larger number of our citizens, costing dramatically increased dollars, and requiring more sophisticated and timely response than ever before. A primary key for building a nationwide, inter- and intra-Governmental cadre of professional emergency managers and an informed public is training.

Performance Standard: *Conduct 140 EMI resident training activities to train 4,500 students, including 21 Integrated Emergency Management Courses (IEMCs).*

Students from throughout the country attend EMI for traditional classroom training in a wide variety of emergency management topics. EMI staff provide the most current information and teaching methods, and the EMI classrooms and facilities significantly enhance the learning experience. In addition to courses designed for individual education, EMI trains State instructors to provide State and local emergency management training back in their own localities, and conducts the extremely popular IEMCs, which are custom-tailored either to a locality or to a hazard.

Performance: EMI conducted 184 training activities which trained 4,600 students. This included 21 IEMCs: of these, 8 were designed and delivered for specific communities; 2 were for the States of Wisconsin and Arkansas, 3 addressed consequences of terrorism; and



Public preparedness training helps minimize loss of life from tornados such as the one that destroyed the horticultural building at Gainesville, Georgia High School.

the remaining 8 addressed hurricanes, hazardous materials, earthquake, and all-hazard/generic scenarios.

The results of follow-on surveys (sent to each EMI student three months after completion of the class) are excellent. Only one percent (1%) of the students report that the instruction was not applicable and is not being used. Seventy-six percent (76%) report they are using the instruction either in their day-to-day jobs or on emergency assignments. Twenty-three percent (23%) report they have not had the opportunity to use the instruction. This last figure is to be expected given the nature of the work being done by emergency managers at all levels of government

Performance Standard: *Introduce new Emergency Management Institute (EMI) independent study training materials, and process 42,000 independent study course enrollments.*

Independent study courses are an efficient method to deliver training to a large number of emergency responders who otherwise could not afford the cost or time to attend an on-site course. Such courses allow an individual to proceed at his or her own pace while providing essential information at a minimum cost.

Performance: FEMA's Independent Study (IS) Program was expanded considerably during FY 1998, both in terms of courseware and in terms of delivery formats. During FY 1998, 5 new courses were added to the IS program dealing with issues ranging from Incident Command to Mitigation and Animals in Disasters. Additionally, development on a sixth new course, dealing with Donations Management, was initiated. One course, considered out-of-date, was retired.

Further, efforts to offer IS materials through alternate training delivery mechanisms have resulted in 11 of the 17 existing courses being available through the Internet. Moreover, a student may now enroll in the course, complete the course, and test for a Certificate of Completion totally through the Internet.

During FY 1998, the IS Program processed 37,360 enrollments, and reported 30,000 completions. Since its inception, the IS Program has served nearly 175,000 citizens who have completed over 427,000 courses.

Performance Standard: *Conduct public preparedness training, and develop materials for nation-wide dissemination.*

In addition to emergency management responders, the general public needs to be aware of the actions they can take prior to an emergency so as to mitigate its effects, as well as actions to take both during and following an emergency. Federal, State and local organizations can use a wide variety of media to accomplish this such as World-Wide Web pages, nationwide or local interactive teleconferencing programs, organizational programs such as conducted at schools, businesses and institutions, and through wide-spread distribution of written materials.



Preparedness, training and exercises directorate table top simulation training exercise.

Performance: In 1998, the Community and Family Preparedness (CFP) program distributed 5,000 CD's containing FEMA's Disaster Preparedness & Mitigation Library for State and local reproduction of hazard awareness and disaster preparedness information for the public; and 2,600 hard copy versions of camera-ready disaster preparedness materials were distributed to users requesting them. The same preparedness materials were also made available for downloading and reproduction via the Internet. CFP also developed its 2nd CD ROM in the Disaster Preparedness & Mitigation Library for distribution in FY 1999, and furnished a master of the FEMA video, "Adventures of the Disaster Dudes," to the Alabama Emergency Management Agency for general reproduction by a private donor to place one in schools throughout the State. Although numbers of publications to individual requesters are controlled to reduce Federal printing costs, approximately 1 million CFP disaster preparedness publications were sent out in response to requests, and more than 5 million copies were reproduced and distributed by CFP partners such as the American Red Cross, Salvation Army, National Society of St. Vincent de Paul and others—in addition to those reproduced and distributed by State and local emergency management agencies. FEMA's disaster preparedness public information materials are used by all 57 States and state-like jurisdictions as well as over 9,000 local jurisdictions (counties, cities, towns and townships). FEMA Disaster Field Offices received 470,000 publications for use following 17 declared major disasters, as well as camera-ready materials, via CD, Internet or hard copy, for further reproduction in the impacted area. The CFP program also conducted a national program conference for 74 members of the disaster education community, and training for 37 disaster education program organizers, in 1998. CFP also developed an Internet-connected network of over 1,000 disaster educators providing public disaster awareness and education in schools, neighborhoods, community-wide events, and for contingency planners conducting disaster education activities for employees in the communities' private sector.

EXERCISES

General Goal: *Provide all levels of emergency management personnel the opportunity to develop and test plans, policies, procedures, and crisis management decision-making through a comprehensive program of tabletop exercises, simulations, and full-scale exercises.*

The ability of Federal, State, and local governments to respond quickly and effectively to disasters and emergencies is greatly enhanced by testing and evaluating their emergency operating plans, procedures and personnel through a variety of exercises. By experiencing simulated disaster operations when lives and property are not at stake, emergency management staff can maintain the desired level of capabilities and identify and correct shortcomings.



Preparedness enables Search and Rescue teams to effectively perform after the Oklahoma City bombing.

To best provide this setting, FEMA provides policy, guidance and activities through the Comprehensive Exercise Program (CEP) that addresses the entire threat spectrum in partnership with emergency managers at all levels of Government and the private sector.

Performance Standard: *Conduct, support, and evaluate tabletop, functional, or full-scale exercises.*

Functional and full-scale exercises are the largest and most complex types of emergency management exercises. Accordingly, they present the greatest challenge to participating jurisdictions, organizations, and individuals, and yield the most significant evaluation information regarding emergency management capabilities.

Performance: FEMA conducted RESPONSE 98, a major exercise to assess Federal, State, and local emergency plans, policies, procedures, support systems, training program, and facilities for dealing with a catastrophic hurricane impacting the Northeast United States. Key objectives of the exercise were to create private, public, and international partnerships for disaster response, and to test complex issues such as plans for the evacuation of Manhattan.

Exercise RESPONSE 98 was the largest U.S. civilian disaster response exercise ever conducted. It involved the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, and New York; FEMA Regions I and II; FEMA Headquarters; 12 Federal Agencies; 30 counties; 351 cities and towns; 4 Canadian Provinces and Canadian Federal governments; and thousands of individual participants. It established methods of communicating across multiple organizational elements, which will be critical in a disaster response.

Exercise RESPONSE 98 included the largest mix of customer base ever attempted. In addition to Federal, State and local government personnel, volunteer organizations from the Salvation Army to local fire departments and private industry from Wall Street bankers to telephone companies were actively engaged. This established partnership among diverse organizations and served as a training experience for all participants.

Exercise RESPONSE 98 was conducted at less than half the cost of its predecessor exercises, and represents savings of more than \$500,000. In addition, States and Regions involved with the 1998 Ice Storms were able to use plans, contacts, and procedures that had been created for RESPONSE 98 in preparation for the actual response. According to the participants, this was a decisive factor in the speed and success of their response to the Ice Storm crisis.

Participants estimate that the planning, training, and contacts that they made during RESPONSE 98 will make a significant difference to their response in the event of any type of large disaster, and in a similar scenario, could translate into thousands of lives and hundreds of millions saved.



Human relations training permits hurricane response efforts with a human touch.

FEMA's Exercise Division staff, in partnership with the Response and Recovery Directorate, the Office of Emergency Information and Media Affairs, and the Federal Bureau of Investigation, conducted terrorism consequence management orientation/seminars in all 10 FEMA Regional Offices early in the fiscal year in order to improve terrorism preparedness. Key topics were:

1. A concept of operations for the response to a weapons of mass destruction incident;
2. The Federal Response Plan Terrorism Incident Annex and how it relates to terrorism operations; and
3. Emergency public information in response to a terrorist incident.

Varying numbers of other Federal agencies, States and local governments, and private volunteer organizations participated, based on Regional preferences. A significant success of the Seminars was the dialogue between the FEMA Regional Offices and the attendant FBI Field Offices, and the identification of key Regional issues that helped prioritize and guide continuing development of national level policy and guidance.

FEMA provided a table top exercise for use by the Colorado Office of Emergency Management and the emergency management community of Vail, CO, as part of their preparations for the 1999 World Alpine Ski Championships. State and local participants indicated that the exercise was extremely valuable. The exercise scenario focused on the opening ceremony and contained six scenes that each required decision-makers to discuss procedures for that simulated event. The six scenes progressed through three levels of threat beginning with local events and moving through bomb threat to a terrorist incident requiring Federal involvement.

FEMA led NATO Civil Emergency Planning for Crisis Management Exercise 1998 (CMX 98) and coordinated the planning, conduct, and evaluation of CMX 98, which was conducted in February, 1998. This activity included:

1. Representing the U.S. civil government at planning meetings, and assisting both the national and international community in the preparation phase of the exercise;
2. Developing and publishing the U.S. Civil Exercise Plan (EXPLAN) for use by players and controllers during the course of the exercise;
3. Configuring the exercise control team (consisting of representatives at FEMA Headquarters, the Pentagon, and NATO Headquarters), and overseeing and coordinating the U.S. civil play; and
4. Inputting and compiling information for the U.S. Civil Evaluation Report (EVALREPT).

Performance Standard: *Continue to implement the CEP at the regional, State, and local level.*

The CEP is a comprehensive, all-hazards, multi-scenario, risk-based approach exercising many FEMA programs in a manner that reduces



Well-trained Public Assistance inspector examines earthquake structural damage to Oakland overpass.

the burden on emergency management personnel at the Federal, State, and local levels, and which combines and coordinates exercises by hazard type, by geographical area, and by participant level.

Performance: The Comprehensive Exercise Program Working Group (CEPWG) has become the keystone for mutual Headquarters, Regional and State discussions and decision making for exercise policy, strategic planning and resolution of customer concerns. Through the CEPWG, an implementation plan has been developed to reflect the latest priorities of FEMA's exercise organization. The CEPWG is collaboratively setting the priorities of where the Readiness Division will focus its resources for development of information technology support requirements, and it's ADP Subcommittee has embarked on an expanded requirement analysis for the Emergency Management Report System (EMERS) that will project current and future needs, and provide cost benefit analysis to support priorities identified by the committee.

Regional and State Training and Exercise Officers attend an annual Exercises and Training Officer's Conference at EMI. This high-profile event sets the stage for exercises strategy, priorities, and activities during the rest of the year due to the tremendous customer interactions that occur during the conference. Topics discussed at the 1998 Conference included:

1. Creating disaster resistant communities through State involvement in FEMA's Project Impact;
2. Improving State exercise programs by sharing exemplary practices;
3. Recommending topics for CEPWG consideration; and
4. Using the revised EMERS.

Performance Standard: *Provide technical support for the Emergency Management Exercise Reporting System (EMERS)*

EMERS is a FEMA-developed software package that allows State and local governments to enter, store, analyze, document, and compile statistical information regarding all types of emergency management exercises. The software provides an efficient methodology to document areas that need improvement, as well as those areas that performed as planned. It provides methodologies to schedule future exercises and to ensure that all emergency support elements are tested. The software can be easily customized by our customers to meet their unique needs, while still maintaining standard reporting structures to allow national-level statistical analysis. This software is available on the Internet at <ftp.fema.gov> and has been provided to all FEMA Regions and State emergency planners.

Performance: FEMA made significant improvements in EMERS functionality, enabling greater sharing of exercise data, which will also be used for reporting and tracking purposes across Federal, State and local levels of government. The system was available to State and local governments in mid-July who will also use EMERS data to

present requirements and accomplishments to their State legislators in the development of State Readiness budgets.

Since EMERS now utilizes standard FEMA software, FEMA saved over \$200,000 in contractor development and system enhancement costs, as well as having the system operational well over a year earlier. Additionally, now that FEMA personnel will be able to maintain EMERS, we will save \$50,000 per year in contractor-provided maintenance costs. The improved EMERS was a major demonstration of FEMA, State and local partnership in jointly defining, developing and testing the application.

CONCLUSION

The overwhelming portion of program dollars are spent to build and enhance State and local capability to prepare for, prevent, respond to, and recover from the affects of all hazards and emergencies. These dollars are directed primarily to build capability across a spectrum of planning, management, and administrative functions. These developmental resources are augmented by the dollars spent to support the training of thousands of State and local emergency management professionals at FEMA's Emergency Management Institute, and the exercising of the enhanced capabilities through application in "real life" exercise scenarios. This is what we are getting for our dollars — the continued upgrade of the capabilities, and thereby the capacity of the emergency management community to protect our citizens.

FEDERAL INSURANCE ADMINISTRATION

THE NATIONAL FLOOD INSURANCE PROGRAM



Grand Forks, North Dakota flooding, 1998.

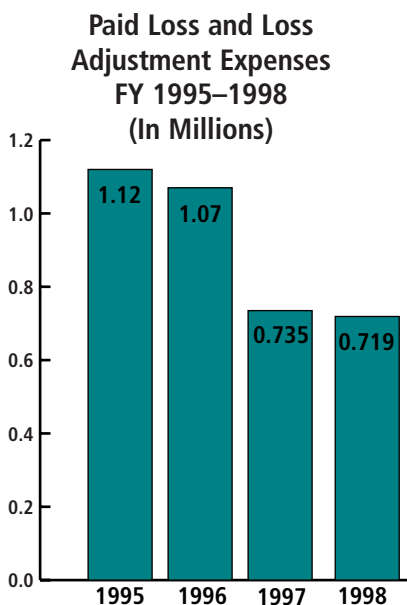
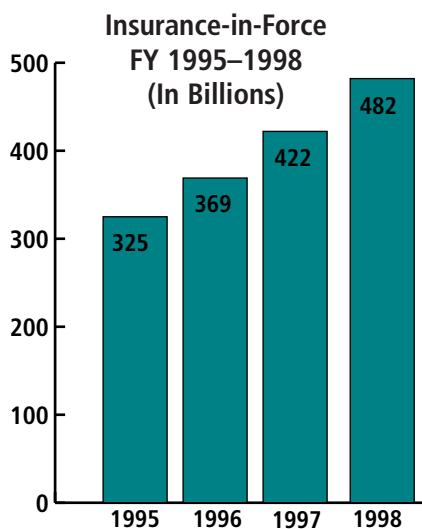
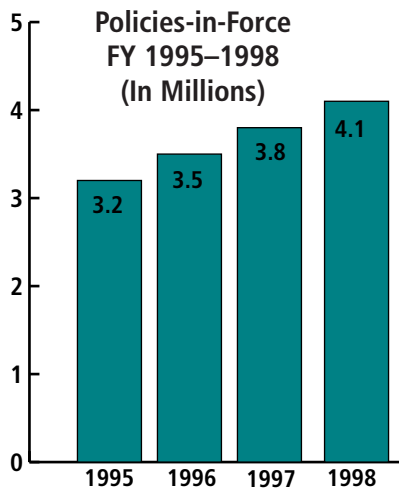
The National Flood Insurance Program (NFIP), enacted by Congress in 1968, was created to reduce the burden of flood disasters on the American taxpayer, and to reduce the exposure of homes and businesses in the flood plain to flood risks. The Program was designed to help reduce flood losses through sound and safer building standards and mitigation and to help pay for flood losses through insurance rather than Federal disaster assistance. The NFIP is a partnership of Federal, State, local governments, and the private insurance industry working together to reduce flood risks. The NFIP is self-supporting for the average historical loss year, which means that operating expenses and flood insurance claims are not paid for by the taxpayer, but through premiums collected for flood insurance policies.

The NFIP legislation recognized the absence of delineated flood hazard areas, standards for building such areas, as well as a large inventory of flood-prone structures. The legislation made provision for the mapping of flood risk areas and, as an incentive for communities to adopt floodplain management measures, it offered reduced insurance rates for structures built prior to completion of the hazard identification. Currently, approximately 35% of the structures in the NFIP policy base are insured at these lower rates. Many of these at-risk buildings are flooded again and again, resulting in repetitive claim payments. Of the estimated \$200 million in repetitive losses in the NFIP during an average year, about 96% are from these subsidized structures. In FY 1999, recommendations may be made for reducing the flood insurance subsidy for repetitively flooded homes.

General Goal: *Through NFIP insurance and floodplain management activities, reduce expected annual flood costs to FEMA and losses to taxpayers by an estimated \$750 million or more.*

Performance Standard: *Develop measurement systems to confirm estimated savings.*

Insurance rules and rating mechanisms, e.g., coverage and premium rates, will be used as economic incentives and disincentives to reinforce mitigation through building requirements that reflect sound floodplain management. Incentives/disincentives will be administered at the individual and community levels and include operation of the Community Rating System. Insurance marketing activities will include promotion of flood mitigation, including support of Project Impact. All of these activities will result in better management and decision making.



The performance indicator is the total reduction in losses and costs for the estimated population of buildings constructed to meet program standards.

Performance: In FY 1998, the NFIP helped Americans avoid an estimated \$750 million in flood losses and costs. This statistically derived savings estimate results from the savings realized by enforcement of flood mitigation measures by more than 19,000 NFIP participating communities.

Buildings that are constructed in compliance with NFIP building standards suffer 77% less damage annually than those not built in compliance. The NFIP will continue to work with government partners — states and communities — to propose ways that accelerate the pace at which homes and communities become flood resistant. The NFIP spent almost \$17.5 million in the form of Flood Mitigation Assistance Grants to help mitigate additional flood losses in the flood prone areas of the nation.

General Goal: *Enhance the recovery of individuals, business, and communities after flood events by increasing the number of NFIP policies-in-force by an average of 5 percent per year.*

Performance Standard: *Increase the number of NFIP policies-in-force by 5 percent.*

Increasing NFIP awareness, promoting policy sales, and coordinating mandatory flood insurance purchase requirements will help ensure that the recovery of individuals suffering flood losses is made possible by insurance as opposed to disaster relief funds.

The increases in the number of flood insurance policies is determined by comparing annual increases as shown in current year-end NFIP policies in force reports, compared to the prior year's year end policy count.

Performance: The NFIP has made flood insurance available in more than 19,000 communities across the United States and its territories. At the end of fiscal year 1997, insurance policies in force totaled 3,811,253; and at the end of fiscal year 1998, a total of 4,117,936 policies were in force. This represents a 7% increase in the number of NFIP policies in force.

The number of flood insurance policies-in-force for the period 1995 through 1998 has steadily increased.

The increases in policies and insurance in force mean that more property owners are in a better position to recover quickly from flood losses. Fewer uninsured losses mean there will be less pressure for disaster relief measures that rely on general taxpayer funds of Federal, State and local government, rather than policyholder premiums.

General Goal: *Complete activities for the revision of the NFIP to enhance the financial soundness and equity of the National Flood Insurance Program.*



Hurricane winds and storm surge catapult boats ashore.

Performance Standard: *Complete development of required studies, analyses, legislative and regulatory proposals and processes required for implementation of the program, e.g., studies of alternative coverage and rates, and approval/acceptance of key products needed for implementation to pursue measures designed to enhance the financial solvency of the program.*

The performance indicator is the approval/acceptance of key products, e.g., the economic impact of subsidy reduction, coverage, and pricing alternatives.

Performance: The FIA is conducting a series of studies directed at improving the long term financial position of the NFIP and a better balance of Program fund sources between policyholders and other beneficiaries. Among these studies is an investigation into the economic impacts of reduced subsidies that is being performed by Price Waterhouse. This study is due for completion in early 1999. An Annual Rate Review of NFIP underwriting experience was completed in 1998 (and will again be performed in 1999). The accounting firm of Deloitte and Touche is conducting a study of Claims and Underwriting Processes to determine potential improvements to these aspects of the Program. Also, a Proposed Rule to Examine (Changes to) Expenses Allowed to Write-Your-Own (WYO) companies is underway.

The graph (page 47) represents some of the financial highlights for fiscal years 1997 and 1998. Through the U. S. Treasury, the NFIP is authorized to borrow up to \$500 million (up to \$1 billion with approval from the President). In FY 1998, \$1.5 billion was authorized for borrowing. Periodic interest payments are made to Treasury to pay for the accrued interest on borrowings. In FY 1998, \$395 million was repaid to the Treasury reducing the cumulative borrowing at year's end to \$522 million. The growth in earned premiums is the result of the growth in the policy base as well as a series of rate adjustments.

General Goal: *Work with industry partners and the Chief Financial Officer (CFO), confirm NFIP integrity, and ensure that program delivery efficiently meets or exceeds required customer-service and other standards.*

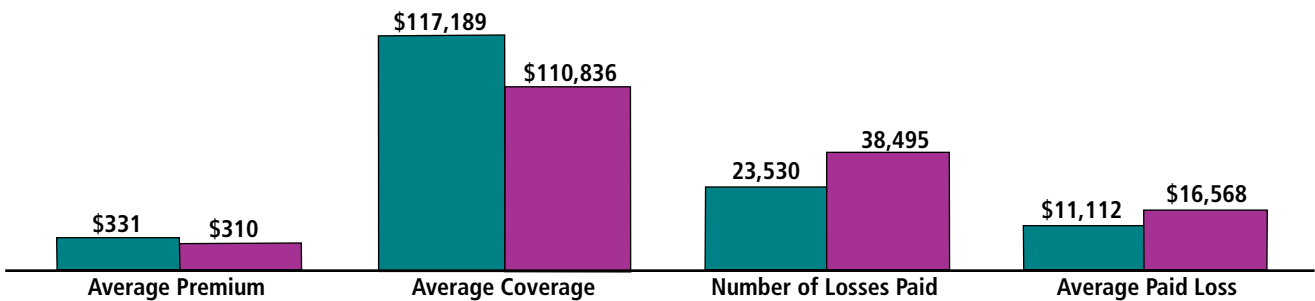
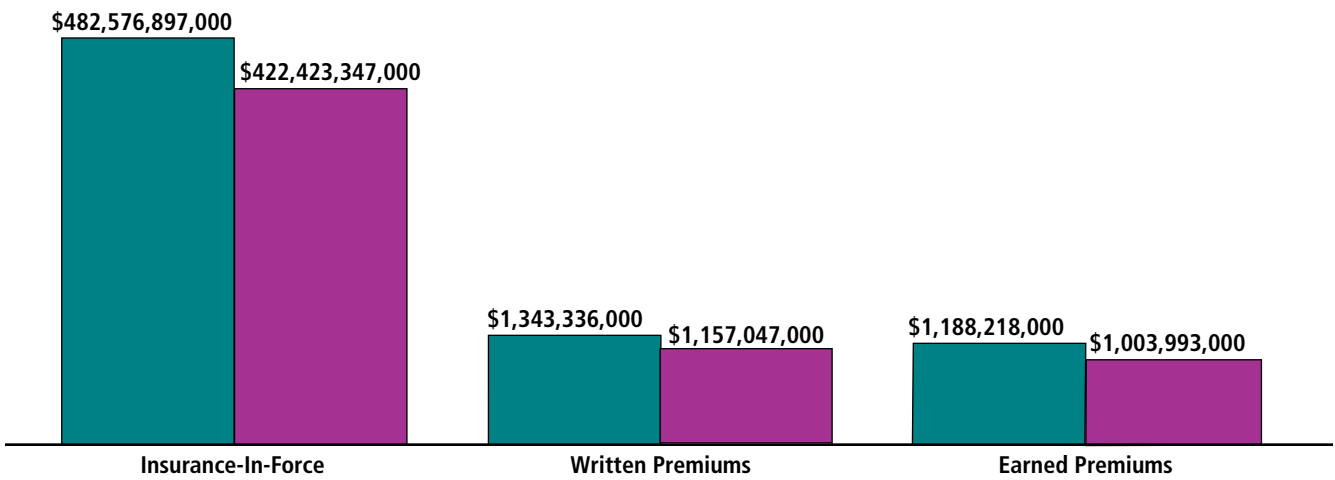
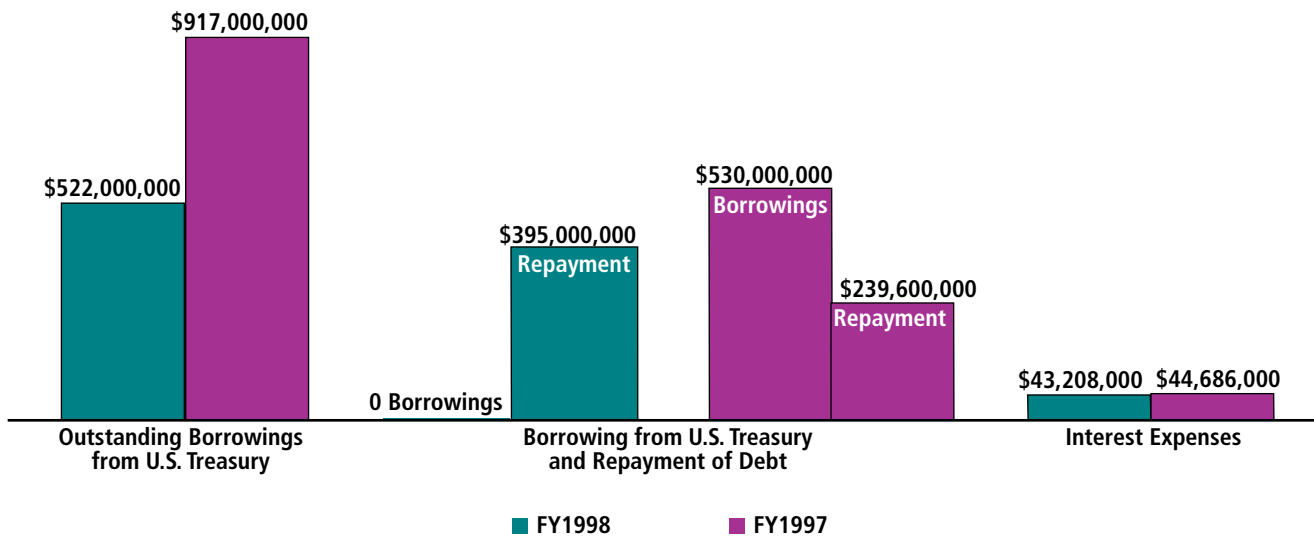
Performance Standard: *Positive financial, customer-service, and other evaluation reports, including unqualified audit reports to help ensure the continued, efficient, effective operation of the Program. Enhancing the strategic public/private partnership is in the interest of both parties, the public, those at risk, and potential and actual policyholders.*

Accurate and timely financial reports, that are in conformance with Federal standards, will help to ensure the integrity of the Program.

Performance:

- Inspector General audits of NFIP financial statements are performed annually. This includes selecting a representative sample of insurance companies.

FY 1998 vs FY 1997 Financial Highlights





Atlantic coast hurricane causes significant damage to Barrier Island coastal highway.

- An outside independent auditor audits each WYO insurance company every two years.
- Claims and underwriting operational reviews will be started during FY 1999. FEMA claims examiners and underwriters will review operations and quality assurance procedures of companies.
- The NFIP will develop ways to survey its customers about the quality of NFIP's customer service. The NFIP will also analyze correspondence (Congressional and others) and complaints in an effort to really find out how well the Program works for its customers.

General Goal: *Create and reinforce existing partnerships, implement an outreach, information, and coordination program that assures regular, effective communication with those concerned about the NFIP.*

Performance Standard: *Positive responses to NFIP assessment instruments and constructive support in pursuing insurance sales and other goals.*

It is important that insurance companies and agents, lenders, realtors, states and local officials are aware of the NFIP so that they can inform citizens and communities of the importance of buying flood insurance.

Using a call for issues and through meetings and publications, e.g., Annual Flood Conference, insurance agent and lender workshops held through out the year across the country, the semi-annual *Watermark* newsletter, and the *NFIP Annual Stakeholders Report*, the FIA targets and maintains effective communication with key constituencies, including insurance producers, WYO insurance companies, the Federal Financial Institutions Examination Council, and its constituent members.

Performance: To further assure regular and effective communication with NFIP customers, the FIA began conducting surveys of selected constituencies, developing baseline indices of awareness and support, and set objectives for percentage increases to increase awareness and promote policy sales.

FEMA conducted a comprehensive marketing and advertising campaign — Cover America — that is designed to increase NFIP awareness and promote policy sales. Paid advertising and public relations activities are used to reach consumers, insurance agents, and other NFIP stakeholders.

In its continuing efforts to better serve the public, FEMA is offering an opportunity to partners and customers of the NFIP to recommend how the program may be made more effective.

From October 1995 through June 1998, Cover America's advertising and public relations activities generated more than 300,000 phone calls directly to the NFIP from people inquiring about flood



Communities mobilize to fight disasters.

insurance and countless additional calls to insurance agents and companies. In addition, the campaign has generated close to 62,000 leads to insurance agents, with 23,374 referred to NFIP Leads Program agents and 38,623 referred to callers' own agents. Additionally, the campaign generated more than 55,000 print ad responses as of December 1997. Since the initiation of the NFIP Co-op Advertising Program in January 1996, hundreds of insurance companies and agents have participated in the program, placing more than 4,000 flood insurance ads.

The Cover America campaign is improving awareness of and attitudes about the NFIP and flood insurance, stimulating demand for flood insurance, and providing opportunities for insurance, Write Your Own companies, and other NFIP stakeholders to participate in and build on the messages delivered. The Cover America campaign contributed to the higher than average historical growth rates in FY 1997 and 1998.

CONCLUSION

In summary, the National Flood Insurance Program helped Americans avoid some 3/4 of a billion dollars in flood losses and disaster costs in fiscal year 1998. The Cover America advertising campaign has increased awareness of the program through regular advertisements in various media, and the number of flood insurance policies increased 7% in fiscal year 1998, thereby increasing premium income to the NFIP fund and contributing to the financial soundness of the Program. Studies and analyses are underway to help enhance the financial soundness and equity of the program, the Inspector General performs audits annually, and outside independent audits are performed of WYO insurance companies every two years. All of these activities are designed by the NFIP to help reduce the likelihood and impact of uninsured flood losses and reduce the costs of disasters.

UNITED STATES FIRE ADMINISTRATION



Firefighters respond to California wildfires.

America's fire death rate is one of the highest per capita in the industrialized world. During the period of 1986-1996, the United States averaged over 5,000 fire deaths and almost 29,000 injuries per year. Firefighters pay a high price for this terrible fire record; approximately 100 firefighters die in the line of duty each year. Direct property losses due to fire exceed \$9 billion a year and the overall fire cost to the American public is estimated at \$139 billion annually. Most of these deaths and losses can be prevented.

In fact, America's fire losses today represent a dramatic improvement from more than 20 years ago. In 1971, it was reported that this Nation lost more than 12,000 citizens and 250 firefighters to fire. Acting to decrease these tragic losses, Congress established the United States Fire Administration. Since that time, through public education and awareness, training, technology and data collection efforts, the USFA has helped reduce the fire deaths by at least half—making our communities and our citizens safer.

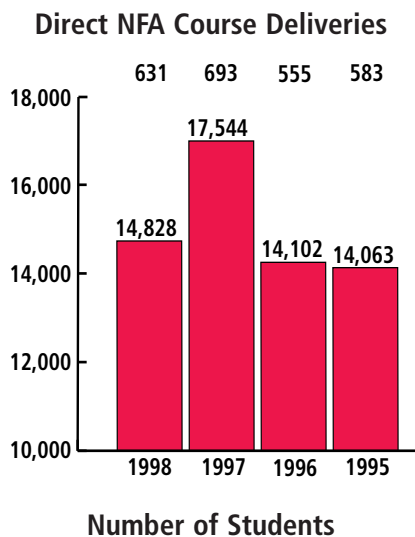
The mission of USFA, supported by resources of almost \$29 million dollars in FY 1998, is to provide leadership, coordination, and support for the Nation's fire prevention and control, fire training and education, and emergency medical services (EMS) activities. USFA is committed to the Agency's goal of protecting lives and preventing the loss of property from all hazards. It is USFA's 5-year objective to reduce, by 5 percent, the rate of loss of life and property from fire and fire-related hazards.

General Goal: *Provide training and education opportunities for the Nation's fire protection community.*

Performance Standard: *In keeping with the National Fire Academy's (NEA) long-term training target of reaching 300,000 fire service personnel, increase the traditional direct deliveries as well as through new technology-based approaches.*

Performance: In FY 1998 the USFA's NEA provided 631 course offerings, reaching 14,828 students, through traditional direct deliveries. Additionally, 25,646 students were reached by nontraditional indirect deliveries that included handoff courses to States, independent study and Internet courses.

In FY 1997, NEA began a systematic survey of its students several months following NFA training to determine the effectiveness of that training on the Nation's fire service. Ninety-six percent of students





Firefighters fight home fires ... the greatest cause of loss of life and property.

responding to the survey at intervals of two to four months following training indicated that they used NFA training on the job. Of those surveyed, ninety-five percent responded that NFA training helped them do their jobs better. Preliminary data being compiled from students who attended classes in FY 1998 and who are responding to surveys sent them six months after completing their training indicated that FY 1998 respondents rate the effectiveness of NFA training equally highly.

In FY 1996, 1997, and 1998, eighty-seven percent of all National Fire Academy students surveyed after completing their training strongly agreed the training they received contributed to their knowledge and helped them do their job better.

The NFA routinely surveys supervisors of students who have completed NFA courses to obtain information on the impact of the training. Feedback from supervisors of employees who attended a number of the resident courses indicate their employees are better able to plan their work, and have a better understanding of management principles; exhibit better leadership and cooperation in looking at the overall operation; have increased confidence and professionalism; exhibit greater creativity in ideas/performance; now look at what the long-range impacts of their decision may be before starting any action; and are better able to broadly and objectively analyze service levels and community needs.

In addition to teaching courses, NFA instructors and staff developed or revised 48 resident, field, regional and alternative delivery format courses; evaluated the impact of 41 offerings of 22 different courses in the curriculum and continued a national needs assessment for curriculum planning; and provided materials to the American Council on Education (ACE) for course accreditation. Thirty-seven NFA courses were recommended for accreditation in FY 1998.

The NFA continued the management of an interagency agreement to print, stock and disseminate training materials to the nation's fire and emergency service personnel. They delivered four joint simulation and training programs and exercises and provided training to enhance the capability of fire departments to respond to terrorist attacks. In FY 1998 USEFA conducted 519 offerings in emergency response to terrorism, both direct and indirect deliveries, reaching 34,139 students.

In an effort to inform the fire service community of the full range of training available, the NFA published and distributed NFA's course catalogue to approximately 43,000 fire departments and allied organizations and utilized the national network of fire organizations and the Internet to distribute NFA course information. NFA anticipates increased participation in the direct and indirect course offerings as a result of these efforts.

General Goal: *Educate the public on fire prevention, targeting groups most vulnerable to fire.*



Firefighters struggle to reduce spread of damage as a result of a major structural fire.

Performance Standard: *Increase the usage of public education materials in the general public. Increase hotel/motel master listings.*

Performance: The USFA's Fire Management and Technical Programs Division (FMTP) continued to promote fire suppression/detection and notification technology through research, demonstrations, and information dissemination; and fostered public awareness of fire dangers through a national public education dissemination program, distributing over 1.8 million publications in FY 1998.

In addition to technology development, the USFA managed a comprehensive program to comply with the Hotel/Motel Fire Safety Act. USFA identified 20,000 properties on the Hotel/Motel master listing that comply with the requirements of the Act. This information was provided to Federal agencies and the general public for their use in selecting hotels and motels that offer the most comprehensive fire protection.

General Goal: *Identify the national fire problem and analyze, publish and disseminate related data and information.*

Performance Standard: *Transition contributing States to National Fire Information Reporting System (NFIRS) 5.0 and bring in or return to NFIRS, non-contributing States. Also, increase access to USFA program information including publications via the World Wide Web (WWW), and research and publish analytical reports annually as well as an annual firefighter fatality study.*

Performance: The USFA's FMTP maintained the National Fire Data Center with associated computer programs and support functions, improved data collection and analysis through the National Fire Information Council, and revised and updated NFIRS in response to new developments. They provided technical assistance to the NFIRS and participating entities. In FY 1998 there were 41 NFIRS contributing States.

The USFA also facilitated the enhanced use of Federal fire data through cooperative efforts with State authorities having jurisdiction, and through the USFA section of FEMA's WWW page on the Internet, which experienced 6,200,000 hits during FY 1998. They provided improved support of fire analysis projects for dissemination to "first responders," special interest groups, and the general public, and gathered, analyzed, and disseminated information on causes of deaths and injuries arising from fire, firefighting activities, and related incidents.

General Goal: *Conduct a continuing program of development, testing, and evaluation of equipment, practices, and technology for use by the Nation's fire and emergency services.*

Performance Standard: *Increase the use of USFA's fire mitigation materials at the Federal, State and local levels. Increase the fire community knowledge of fire and technological hazards and their application of mitigation technologies through the improved targeted distribution of research reports.*

Performance: The USFA's FMTP enhanced acceptance and use of the integrated emergency management planning and implementation concepts through the range of course deliveries and materials disseminated to the fire community. USFA's FMTP supported research and development of fire technology systems and applications specifically focused on mitigating the incidence of fire and loss of life and property in the Nation. In FY 1998, 117,325 publications were distributed in support of these efforts.

In addition, the USFA supported research and development of new technologies and local level response enhancement for emergency operations. They also provided technical assistance in arson, data collection, fire prevention, operational effectiveness, and management excellence; and, continued support through programmatic efforts in occupational health and safety for firefighters, EMS providers and allied "first responders."

In order to identify critical research needed to effectively mitigate the incidence of fire in the United States, the USFA distributed the Fire Research Agenda Meeting (FRAM) report to participants and other stakeholders with interests in crafting a research agenda for the future. This report was developed with stakeholder input and provides a direction for fire research needs that will protect the citizens of this country.

CONCLUSION

The USFA's resources are focused in support of key efforts to address America's unacceptable fire problem. Primary program elements include collection and analysis of national fire data, training of the fire service community, developing and delivering effective public fire safety education messages, and research and technology transfer to improve public and fire fighter survivability in the fire environment. However, USFA's success continues to be magnified through effective leveraging of limited resources by entering into partnerships, joint ventures, and alliances with the private sector and other Federal agencies. This has been a customary feature of the USFA for the last decade. We will report in greater detail on these efforts in the FY 1999 Accountability Report.