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BEFORE THE

HOUSE COMMITTEE ON HOMELAND SECURITY'S

SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS, PREPAREDNESS, AND RESPONSE

UNITED STATES HOUSE OF REPRESENTATIVES

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Good afternoon, Madam Chairwoman and Members of the Subcommittee. My name is Matt Jadacki and I am the Assistant Inspector General for the Department of Homeland Security (DHS), Office of Inspector General (OIG), Office of Emergency Management Oversight (EMO). Thank you for the opportunity to discuss our report: *Federal Emergency Management Agency's (FEMA) Logistics Management Process for Responding to Catastrophic Disasters*[1].

During the response to Hurricane Katrina, FEMA provided record levels of support to survivors and emergency responders. Life saving and life sustaining commodities and equipment were delivered to the affected areas; personnel increased significantly in a short period of time to support response efforts and provide assistance; and assistance was provided quickly in record amounts, sometimes through innovative means. Our 2006 report, *A Performance Review of FEMA's Disaster Management Activities in Response to Hurricane Katrina*[2], identified that the lack of an asset ordering process, inexperienced and untrained personnel, unreliable communications, and insufficient internal management controls demonstrated a continued need for improvement in how FEMA supports its response activities and delivery of assistance. FEMA must strike a balance between maintaining a reasonable level of preparedness and determining the prudent use of tax dollars to purchase, warehouse, and rotate commodities; purchase and maintain equipment and IT systems; and train and equip emergency teams in anticipation of major disasters or emergencies regardless of cause, size, or complexity. As a result, FEMA's ability to track and source needed resources is key to fulfilling its mission.

Assessment of FEMA Logistics Management Directorate (LMD)

We conducted an in-depth assessment to determine the status of LMD's strategic plans, accomplishments, partnerships, performance, and existing challenges, and determine LMD's progress in preparing for the next catastrophic disaster. Logistics deals with the procurement, supply, and maintenance of equipment and the provision of facilities; the movement, evacuation, and supply/support of personnel and services; and related matters. This is the first comprehensive review of FEMA's LMD since it was elevated from a branch within the former Response Division to the directorate level. We reviewed the following key functional areas:

- Staffing, Training, and Credentialing
- Planning
- Coordinating
- Sourcing
- Tracking and Timing Deliveries
- Communications

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[1] *FEMA's Logistics Management Process for Responding to Catastrophic Disasters* (OIG-10-101; July 2010)
[2] *A Performance Review of FEMA's Disaster Management Activities in Response to Hurricane Katrina* (OIG-06-32; March 2006)

- Evaluating Performance

Our assessment revealed that FEMA Logistics has made substantial progress but continues to face challenges as it enhances capabilities. In carrying out its role as the National Logistics Coordinator, LMD is responsible for coordinating with public and private sector partners to provide a truly integrated approach to disaster logistics. Consequently, we presented FEMA with two recommendations aimed at improving FEMA's preparedness for catastrophic incidents. FEMA concurred with the recommendations and is developing a corrective action plan to address our concerns.

Staffing, Training, and Credentialing

FEMA relies on a staffing combination of permanent full-time employees, temporary employees, and contractors to respond to incidents. Since FEMA reorganized in 2007, it nearly tripled the number of permanent full-time logistics staff from 54 to 150, and reprogrammed 15 headquarters positions to the field, where there was a greater need. In addition, FEMA has increased its disaster temporary workforce, including hundreds of Cadre of On-call Response Employees (CORE).

FEMA LMD has partly addressed staffing shortfalls through its training strategy. Staff rotations were arranged in order to train employees in multiple areas, and additional systems training was implemented. FEMA also launched the Credentialing Plan, which aims to standardize the training, experience, and skill requirements for logistics personnel serving in disaster-related positions. The plan provides current and prospective workforce members with a clear understanding of the specific skill sets and experiences required and concise guidelines for each position. Training began at the end of 2009, with a goal of having 85% of all disaster assistance employees fully certified by the end of 2010.

Planning

In conjunction with FEMA headquarters and regions, LMD develops plans and coordinates exercises aimed at identifying limitations and enhancing readiness. Using lessons learned during exercises, LMD works with FEMA regional offices and state responders to conduct after-action reviews and implement corrective measures. The regional offices also determine likely disaster scenarios within their respective regions, taking into account the infrastructure, resources, and preparedness of the state, local, and tribal governments to respond to incidents. The regional offices are the primary conduit through which information flows between FEMA and emergency responders at the state and local levels. In 2008, FEMA established Regional Planning Teams to assist its regional offices in supporting their state, local, and tribal partners.

Planning activities are closely coordinated with other FEMA directorates that set planning milestones, establish working groups, and conduct training exercises. FEMA also coordinates plans with its federal logistics partners: the General Services Administration, the Defense Logistics Agency, and the U.S. Army Corps of Engineers.

Despite progress at the federal level, corresponding improvements in many of the state and local governments have lagged behind due to staffing and budget restrictions. FEMA is concerned that budget constraints in the current economic climate will hinder the ability of state and local governments to participate in future planning and exercises. FEMA is aware that these deficiencies detract from the concept of community integration. FEMA needs to explore alternative ways to identify state and local shortcomings and to help those jurisdictions to enhance their capabilities.

Coordinating

As the National Logistics Coordinator, FEMA relies on strong collaboration with other federal agencies, nongovernmental organizations, state and local governments, and the private sector to establish integrated disaster support supply chains. To improve coordination throughout the logistics process, FEMA conducted the first National Logistics Coordination Forum in March 2008, attended by representatives from all supply chain partners. A subset of this forum, the Distribution Management Strategy Working Group, was established to analyze and develop a comprehensive distribution and supply chain management strategy. In April 2009, FEMA issued guidance for integrating the operations and logistics functions at the incident, regional, and headquarters levels.

FEMA regional offices are responsible for coordinating with state, local, and tribal governments as well as channeling information between state and local responders and FEMA headquarters. The regional offices are also responsible for determining likely disaster scenarios in their geographic areas and assessing their state and local counterparts' preparedness.

Through its regional offices, FEMA continues to work with the states, encouraging communication and coordination through implementation of their Logistics Capability Tool. FEMA has also been actively encouraging states to self assess their logistics functions.

Sourcing

FEMA relies on four different sourcing methods to acquire commodities needed to respond to a disaster: (1) warehoused goods; (2) interagency agreements; (3) mission assignments; and (4) contracts.

Warehoused goods are controlled by FEMA and are immediately available when incidents occur. However, most warehoused goods have a limited shelf life and may have to be discarded if not used within that shelf life. Warehoused goods include Initial Response Resources, which are intended to sustain life and prevent further property damage. Goods in this category consist of items such as water, meals, cots, tarps and blankets.

To ensure that Initial Response Resources are available where needed, they are strategically stored through FEMA's Pre-positioned Disaster Supplies Program. Initial Response Resources are pre-positioned at areas with high hurricane and earthquake risk, as well as at various locations ready for transport.

FEMA uses interagency agreements to access contracts held by other federal agencies. For example, FEMA has interagency agreements with the Defense Logistics Agency and GSA for a number of items, including water and emergency meals.

Mission assignments are work orders issued by FEMA to other federal agencies that direct the completion of a specific task and are intended to meet urgent, immediate, and short-term needs. They allow FEMA to quickly task federal partners to provide critical resources, services, or expertise. To expedite the delivery of federal assistance, FEMA has developed hundreds of pre-scripted mission assignments with 30 federal agencies. FEMA also uses contracts, which can be activated following an incident to provide services such as ambulance and bus evacuation, facilities support, electrical generator maintenance, and temporary housing support.

Our 2009 report, *FEMA's Sourcing for Disaster Response Goods and Services*[3], examined FEMA's sourcing. We concluded that the existing decentralized process suffered from inefficiencies, including poorly integrated information systems, and was susceptible to duplication and waste. FEMA agreed with our findings and is working with its partners to develop processes to make the planned Single-Point Ordering system a reality. Like some of the other initiatives, this system is not expected to be fully implemented for several years.

Tracking and Timing Deliveries with the Logistics Supply Chain Management System

As part of the agency's restructuring, FEMA set out to transition to a "21st century" logistics system that would incorporate modern efficiencies, allowing FEMA to store and ship fewer supplies, yet have greater assurance that they will arrive when and where needed.

As a first step, in 2005, FEMA began implementing the Total Asset Visibility (TAV) program, which was designed to provide asset and in-transit visibility as well as electronic order management for all primary commodities.

The initial attempt to implement this program cost FEMA $117 million over 4 years. FEMA transitioned the program into the Logistics Supply Chain Management System, or Phase II, which is designed to address earlier shortcomings such as information transfer, systems interaction, data entry, and data accuracy issues while providing data access to federal, state, tribal, and local logistics partners. Phase II is expected to cost $93.8 million and be operational by 2012. FEMA estimates that the continued operation and maintenance will cost $109.9 million, through 2017.

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[3] *FEMA's Sourcing for Disaster Response Goods and Services* (OIG-09-96; August 2009)

Given that the initial project had to be directed into a second phase, it is unclear whether sufficient quality controls and assurances are in place to evaluate whether the system is being developed according to specifications, and whether it will deliver what the agency needs. We raised similar concerns about other information technology systems in a 2008 report titled, *Logistics Information Systems Need to Be Strengthened at the Federal Emergency Management Agency*[4] and a 2006 report titled, *FEMA's Progress in Addressing Information Technology Management Weaknesses*[5].

FEMA faces challenges regarding its inability to communicate directly with the information systems of its federal partners. Because of the importance placed on the yet-to-be completed Logistics Supply Chain Management System and because it is expected to cost nearly a quarter billion dollars over the 7-year development stage, it is important that LMD consult with the FEMA Chief Information Officer to determine whether the proposed Phase II has the ability to support logistics operations, whether it is progressing on schedule and whether an independent evaluation of the system should be conducted.

Communications

Recognizing that communication was the single largest challenge during the 2005 hurricanes, the LMD has taken a number of positive steps. To facilitate communication, it holds weekly teleconferences between headquarters and regional staff, as well as other federal agencies involved in logistics. Several regional managers expressed satisfaction with recent communications initiatives, reporting good interactions between headquarters and the field, improved communications, active regional involvement, and finally having "a voice at the headquarters level."

LMD also hosts periodic "summit" meetings featuring presentations by FEMA and other federal partners, including GSA, the Defense Logistics Agency, and the U.S. Army Corps of Engineers. These meetings are a platform to discuss ongoing initiatives, solicit ideas, and discuss lessons learned. Recent discussions have focused on: (1) other federal agencies' roles to leverage buying power for improved response and lower costs; (2) providing emergency resources; and (3) deploying facilities for storing and distributing emergency commodities.

Evaluating Performance

Following each exercise or actual incident, LMD conducts after-action reviews to discuss with supply chain partners any challenges encountered, where corrective actions are needed, and what best practices should be applied moving forward. Corrective actions are monitored, and when successful, incorporated into procedures, policies, and training.

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[4] *Logistics Information Systems Need To Be Strengthened at the Federal Emergency Management Agency*, (OIG-08-60; May 2008)

[5] *FEMA's Progress in Addressing Information Technology Management Weaknesses*, (OIG-07-017; December 2006)

Through face-to-face meetings, FEMA works with regional logistics staff to identify areas needing attention, including the states' capabilities. Plans are then designed and implemented to address areas of need.

We have attended recent after-action reviews and read the resulting reports. We believe that LMD continues to build on experiences and is positioned for continued improvement.

Conclusion

To summarize, FEMA Logistics has made great strides to improve its logistics capabilities by: (1) increasing staff levels; (2) training and developing personnel; (3) enhancing coordination among federal, state, and local governments, nongovernmental organizations, and the private sector; (4) developing plans and exercises to improve readiness; (5) utilizing interagency agreements and contracts for needed commodities; (6) conducting meetings and teleconferences with logistics partners; and (7) reviewing and evaluating performance. Given the recent initiatives, FEMA is better prepared now than at any previous time for dealing with a catastrophic disaster.

To continue this progress, we recommended that the FEMA Administrator: (1) evaluate whether the system being developed is on track to support logistics operations, (2) work with state partners to identify and overcome state and local logistical deficiencies, and (3) implement the single-point ordering concept prescribed by the National Incident Management System, coordinating all sourcing through the Logistics Section.

Madam Chairwoman, this concludes my prepared remarks. I welcome any questions that you or the Members may have. Thank you.