

Statement for the Record

Marko Bourne

Director, Office of Policy and Program Analysis

and

James Walke

**Branch Chief, Public Assistance Division
Disaster Assistance Directorate**

**Federal Emergency Management Agency
Department of Homeland Security**

Before the

Committee on Transportation and Infrastructure

**Subcommittee on Economic Development, Public Buildings, and Emergency
Management**

United States House of Representatives

“Role of the Federal Government in Small Business Disaster Recovery”

September 12, 2008

10:00 A.M., 2167 Rayburn House Office Building

Introduction

Chairwoman Norton and Members of the Committee.

We are pleased to be here today.

I am Marko Bourne, Director of the Office of Policy and Program Analysis at the Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA). Joining me is James Walke, Branch Chief of FEMA's Public Assistance Program. We appreciate the opportunity to appear before the Committee today to continue our discussion of our role in disaster assistance related to small businesses and how FEMA engages the private sector, in particular, the small, minority and disadvantaged business sector across all FEMA's critical mission areas: preparedness, prevention, protection, response, recovery and mitigation.

Overarching Authorities

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (Public Law 100-707) is the federal law designed to bring an orderly and systemic means of providing federal disaster assistance to state and local governments to help them carry out their responsibilities to aid citizens in times of disaster events. A Presidential Disaster Declaration triggers financial and direct assistance through FEMA, and gives FEMA the responsibility for coordinating government wide relief efforts through use of the National Response Framework, which includes the contributions of 28 federal agencies and non governmental organizations, such as the American Red Cross. Through executive orders, the President has delegated to FEMA, within the Department of Homeland Security (DHS), responsibility for administering the major provisions of the Stafford Act. Assistance authorized by the statute is available to individuals, families, state and local governments, and certain nonprofit organizations.

The Stafford Act authorizes the President to issue declarations that authorize federal agencies to provide assistance to states overwhelmed by disasters. This law establishes a process for requesting and obtaining a Presidential disaster declaration, defines the type and scope of assistance available under the Stafford Act, and sets the conditions for obtaining that assistance.

Types of Assistance and Eligibility

FEMA has established three major categories of aid under the Stafford Act — individual and household, public, and hazard mitigation assistance. Not all programs, however, are activated for every disaster. The determination of which programs are activated is based on the needs found during the joint Federal/State preliminary damage assessment and any subsequent information that may be developed.

The persons and organizations eligible for assistance authorized by the Stafford Act may be summarized in the following fashion:

- **Individuals and households** — immediate temporary shelter and cash grants for uninsured emergency personal needs, temporary housing assistance (rental) generally for 18 months, home repair grants, unemployment assistance due to the disaster, legal aid for low-income individuals, and crisis counseling;
- **State, tribal, and local governments and certain private nonprofit organizations** — repair, reconstruction, or replacement of infrastructure and recreational facilities; emergency protective measures, emergency communications and transportation systems; and loans to replace lost revenue or meet federal cost-sharing requirements; and,
- **State governments** — hazard mitigation assistance to reduce future disaster losses.

As you are aware, the Stafford Act does not authorize FEMA to provide assistance for businesses or business-related needs. Federal disaster assistance provided by FEMA is intended to be supplemental in nature, and is not intended to return individuals or households to their pre-disaster condition. Historically, FEMA assistance has only been eligible for individuals, households, public entities and non-profits of affected jurisdictions within and in support of a presidentially declared disaster or emergency.

Because private, for-profit entities have revenue generating capacity, they are better able to undertake prudent preparedness actions such as acquiring insurance to cover building repairs and contents, and take protective measures to mitigate against loss and damage.

There is other assistance available to individuals and businesses other than presidentially declared disaster or emergency assistance under the Stafford Act. One source of assistance is through low-interest loans, which my counterpart from the U.S. Small Business Administration is in a better position to discuss. Other Federal departments and agencies have distinct disaster relief authorities outside of the Stafford Act that address certain business community needs, such as the Department of Agriculture.

Private non-profit (PNP) facilities are described by law as “educational, utility, emergency, medical, and custodial facilities.” The authority to provide assistance to PNP medical facilities was enacted in 1971, and disaster aid for PNP educational facilities was authorized in 1972. As a result of hearings held after the 1971 San Fernando earthquake in California where two PNP hospitals maintained the area’s overall public and private medical resources, Congress made PNP hospitals eligible for Public Assistance. After Hurricane Agnes in 1972, Congress authorized assistance for PNP educational facilities because these facilities performed a “secular educational mission” comparable to public educational institutions and that if they were not restored, public educational institutions would have to bear the cost of educating students who had attended PNP facilities. In 1974, Congress added the remaining three types of facilities (utility, emergency, and custodial) to the list of eligible PNP facilities.

After flooding occurred in Pennsylvania, Virginia, and West Virginia in 1985, Congress focused on some PNP organizations that served as community centers and provided similar governmental functions but did not receive the majority of its support from governmental sources. Subsequently, in 1988 Congress amended the Disaster Relief Act of 1974 to create the Stafford Act and add a new category of PNP facility eligible for Public Assistance. Congress allowed for “facilities which provide essential services of a governmental nature to the general public.” The accompanying House Report included examples of eligible facilities as “museums, zoos, community centers, libraries, homeless shelters, senior citizen centers, rehabilitation facilities and shelter workshops.” The House and Senate floor debates contain only one reference to this provision which is that this term “essential services of a governmental nature to the general public” was added to provide flexibility and not to encourage unsupported, broad-reaching expansions of the definition. Since passage of the Stafford Act, FEMA has considered as eligible PNP facilities both facilities which are the same as those provided by some governmental entities and PNP facilities which have a similar function as those included in the 1988 House Report.

In the Disaster Mitigation Act of 2000 (DMA2K), Congress broadened the President’s authority to define “critical services” beyond the list provided for by statute and added “irrigation” to the list of “critical services.” The House Report indicates that Congress did not intend this addition of “irrigation” to include water for agricultural purposes. The House Report states that “irrigation” does include “water for essential services of a governmental nature to the general public...such as fire suppression, generating and supplying electricity and drinking water supply.” DMA2K also amended section 406 of the Stafford Act to require owners of *non-critical* PNP facilities to apply first for a Small Business Administration (SBA) loan for permanent repair and restoration work, rather than to FEMA for a grant. This provision did not affect *critical* PNPs, as defined in the law, which generally include facilities that provide power, water, sewer, wastewater treatment, communications, fire protection and emergency medical care.

H. R. 6641 - Small Business Owner Disaster Relief Act of 2008

H. R. 6641, was introduced on July 29, 2008, by Representative Peter King to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to provide assistance to small business concerns. This legislation would amend Section 406(a) of the Stafford Act (42 U.S.C. 5172), making persons that own or operate a private business damaged or destroyed by a major disaster eligible for assistance for the repair, restoration, reconstruction, or replacement of the facility and for the associated expenses incurred by the person, only if the business has employed an average of 25 or fewer employees during the 12-month period preceding the disaster.

The Administration supports the current Stafford Act authorities, and does not see a compelling reason for changing them. In particular, the Administration does not support expanding the Act to provide authority for grants to businesses, as we believe the current

strategy of relying upon private insurance and, where necessary, SBA disaster loans, is appropriate.

Engaged Emergency Management Partnership – FEMA, Helping to Meet the Needs of the Private Sector

FEMA, through the leadership of Administrator David Paulison, is committed to building an engaged emergency management partnership that integrates a culture of preparedness in all levels of government, non-governmental organizations, and the private sector, including the small and disadvantaged business community. Administrator Paulison fully embraces the value and economy of supporting commerce within a disaster ridden area through consistent and fluent investment with the small and disadvantaged business community, the backbone of our U.S. economy. Our primary conduit for doing so is through contracting activities.

To this end, I would like to spend a few moments addressing FEMA's achievements in meeting its socioeconomic goals, and in addition, I would like give you a progress update on the new Private Sector Office established within the FEMA organization.

Additionally, I will highlight some other FEMA achievements and breakthroughs in working with the private sector to enhance its readiness for disaster preparedness, response, and recovery as well as our other initiatives underway where we have engaged the private sector to address the new demands of an ever changing homeland security environment. In this regard, I will address private sector engagement in the development of the national response and preparedness policies; the value of establishing solid broad-base community preparedness partnerships; and how FEMA is helping citizens and businesses, alike, to become active participants in emergency management and outlets for disaster related good will offerings and volunteerism. Furthermore, I will discuss some areas in which we still need to improve.

Contracting

Let me address our achievements in meeting socioeconomic goals through our contracting efforts. FEMA has a dedicated full-time Small Business Specialist with responsibility to promote contracting opportunities for small businesses.

I am proud to report that FEMA has achieved exceptional results in meeting and exceeding most of its socioeconomic contracting goals.

- From 2006 to the present FEMA has awarded an estimated \$2.6 billion to small businesses. In Fiscal Year (FY) 2006, FEMA awarded an estimated \$1.8 billion to small businesses. This amount represented approximately 27 percent of the total procurement dollars awarded.

- In FY 2007, FEMA awarded an estimated \$485 million to small businesses. This amount represented approximately 33 percent of the total procurement dollars awarded that FY.
- FEMA's Automated Acquisition Management System reports that FEMA has awarded an estimated \$293 million to small businesses so far this FY through all its acquisition efforts. This represents approximately 31.0% of the total procurement dollars awarded this FY.

The attached graph provides a visual illustration of the percentages of the procurement dollars awarded in each socioeconomic business grouping for each period identified previously.

As you will note, we are moving closer to achieving our goal for service-disabled veteran-owned small businesses. Unfortunately, obtaining the goal is a challenge confronting many Federal agencies, including FEMA. This is not offered as an excuse but rather as a glimpse into the reality of the present contracting environment. I will describe later in my presentation all of FEMA's efforts to increase contracting opportunities for small businesses, particularly those related to service-disabled veterans.

Disaster Relief Funded Contracting

An estimated \$570 million in disaster relief funding (out of a total \$960 million) was placed on contract by FEMA in FY 08. Of this dollar value, an estimated \$189 million or 33% was provided under contract to small businesses throughout the nation.

Your attention is directed to Attachment (2), which identifies the 50 new disasters that FEMA has responded to so far during FY 08. An estimated \$15 million in disaster relief funds has been placed on contract with small businesses to support these disasters. Please note however that the bulk of the \$189 million in disaster relief funds placed on contracts with small businesses in FY 08, i.e., an estimated \$150 million, was in support of recovery efforts related to the Hurricanes Katrina and Rita disasters. The remaining \$25 plus million was expended in support of other disasters declared in prior years.

Competition

The first priority of FEMA during the initial phase of a major disaster is and has always been to provide relief to victims in the most efficient and effective way possible in order to save lives and property. FEMA's goal is to use competitive strategies while also providing local and small businesses opportunities.

I am also proud to report that FEMA competed 81% of its procurement dollars in FY 2007. FEMA went from last place within the DHS organization for its competed dollars in FY06 to first place in FY07. To date in FY 08, FEMA has competed approximately 83% of its procurement dollars. FEMA is proud of this accomplishment, and we will strive to uphold our commitment to competitive contracting during the remainder of FY08 and beyond.

FEMA had some pre-negotiated contracts in place before Hurricane Katrina; however, the extreme circumstances of storms like Hurricanes Katrina and Rita demonstrated that these few contingency contracts could not sufficiently meet mission requirements. As a result, many non-competitive contracts were needed in order to effectively and efficiently save lives and property. FEMA will, to the greatest extent possible, pursue competitive contracts in the future and establish pre-negotiated contracts to ensure effective and efficient response.

Due to the magnitude and length of recovery time of Hurricanes Katrina and Rita, FEMA has recognized the need for more robust, well-planned contingency contracts and a thorough understanding of the qualifications and capabilities of the private sector in areas related to the Agency's mission. Since Katrina and Rita, FEMA has worked to aggressively award pre-negotiated competitive contracts, and more than 60 of these are in place and ready for the 2008 hurricane season. Contract agreements are in place covering all aspects of FEMA disaster management including logistics, mitigation, individual assistance, recovery, management, and integration center support.

By having advance contracts or similar agreements in place, FEMA as well as State and local first responders are more organized and efficient. Additionally, coordination is made easier among the Federal, State and local governments, as each entity is aware of the goods and services for which FEMA has already contracted in the event of disaster. This increased coordination makes for a more effective and efficient response.

FEMA's New Private Sector Office (PSO)

PSO Background and Goals

FEMA believes that developing strong partnerships with the private sector, including businesses of all size, and the associations and trade groups that represent them, is important to the Agency's mission of reducing the loss of lives and property and protecting the nation from all hazards. The vision for FEMA includes a dedicated private sector outreach program to build a bridge to businesses and other organizations that are not part of Federal, State, tribal, territorial, or local government. To support this vision, FEMA established a Private Sector Office (PSO) in October 2007 to be a facilitator for private sector innovation and networking across the agency. The office works closely with the DHS Private Sector Office, Office of Infrastructure Protection, and the DHS *Ready* Campaign.

FEMA's PSO focuses on three primary goals:

- Engage the private sector (including small and large businesses) in all aspects of emergency management –preparedness, protection, mitigation, response, recovery and resiliency.
- Engage established businesses and non-profit organizations to help FEMA improve its performance, capacity and capability.

- Leverage the private sector as a partner to increase FEMA's ability to communicate with businesses and nonprofits, and their employees and customers with information needed to help them prepare for and recover from disasters.

PSO Achievements and Initiatives

Effective outreach to the private sector is based on strong internal coordination and collaboration. Over the past months, PSO has engaged in a number of initiatives to strengthen its internal foundation while also reaching out to external partners, which are as follows:

- **Gov Delivery email alerts.** FEMA's email alert service now includes a section for private sector updates. Over 4,700 individuals, businesses, non-governmental organizations, military and academic representatives have signed up to receive email updates from the Private Sector Office since this option went live in April 2008. The PSO uses email alerts to provide information on FEMA initiatives, tailored to call out points of interest for private sector readers.
- **FEMA private sector working group.** One of the Private Sector Office's first activities was to conduct an internal data call across FEMA headquarters to identify FEMA programs that connect to the private sector. As a follow-on, the PSO has established a FEMA working group to bring together representatives of the agency's directorates, programs, and regions to identify and coordinate opportunities to engage the private sector across FEMA programs and initiatives. The working group held its first Video Teleconference on August 15, and the draft charter is currently under review.
- **Field operations.** The Private Sector Office engaged in its first "full" deployment of the ESF 15 private sector function in response to the summer's Midwest floods. Disaster assistance employees were placed in the Joint Field Offices in Iowa, Indiana, and Missouri to act as private sector liaisons. As an example of the support provided, Private Sector liaisons helped coordinate workshops in all three states to bring federal, state, and local recovery resources together, so impacted businesses could get information on the various types of available assistance and engage in Q&A with subject matter experts from different agencies. The liaisons also produced newsletters with information targeted to business owners' needs and supported states' donations management efforts. In response to Hurricane Gustav, a private sector desk was stood up in the FEMA National Response Coordination Center. The private sector desk was staffed by DHS and FEMA Private Sector Office's liaisons to field inquiries, provide information and handle offers of assistance from private sector organizations.
- **State benchmarking.** The Private Sector Office is working through the FEMA National Advisory Council's Private Sector Subcommittee to identify existing private sector partnerships within each state and to understand how the partnerships support emergency management. For example, in Iowa, the Private Sector liaisons were able to connect with Safeguard Iowa, and through this partnership ensure close private sector coordination and collaboration during response and recovery efforts.

- **Exercises.** One theme that has been raised a number of times by private sector partners is the need to engage businesses and nonprofits early in the planning process of exercises. To address this, the PSO has established a liaison to work with FEMA's National Exercise Division (NED) and the DHS Private Sector Office and the Office of Infrastructure Protection to facilitate full and meaningful private sector engagement in the next National Level Exercise, NLE 09. This effort has resulted in the establishment of a Private Sector Working Group within the NLE 09 planning structure to ensure private sector equities are integrated into the foundation of the NLE 09 planning process. While membership has not been finalized, the membership of this working group is expected to include representatives from various private sector and critical infrastructure and key resources areas.
- **Web portal.** A priority for the Private Sector Office is to develop a portal on the FEMA website that will serve as a central repository for posting information most relevant to business and nonprofit organizations, such as information on training activities, business continuity, and referrals to founding organizations.

Small Business Community Outreach

It's important to give perspective on the opportunity – and challenge – involved in effectively engaging the private sector in emergency management. According to the Small Business Administration, small businesses represent 99.9 percent of the 26.8 million businesses in America, and they employ nearly half of the private sector workforce. Of these, approximately 19.5 million businesses have no employees. There were more than 17,000 large businesses in 2004.

Source: Office of Advocacy estimates based on data from the U.S. Dept. of Commerce, Bureau of the Census, and U.S. Dept. of Labor, Employment and Training Administration.

Due to the magnitude and complexity of the small business community, with its varying needs, capabilities and capacities, coordination is a daunting challenge and requires a long-term effort. Through effective outreach and collaboration with non-governmental organizations, business and trade associations, and local, regional and national chambers of commerce, however, the Department and FEMA have made significant inroads into integrating the private sector as a full partner in incident management.

The Agency is accomplishing its goal of partnering with these businesses through numerous initiatives, including:

- Participating in local, State, regional and national conferences, seminars, exhibits and forums to gain access to current small business issues and interface with business and industry; including the 4th Annual National Veteran Small Business Conference & Expo (Las Vegas, NV) and the DHS' 1st Annual Regional Vendor Outreach Session in Atlanta, GA.

- Networking with representatives of the U.S. Small Business Administration and local small business development centers;
- Developing acquisition goals and strategies which are increasingly structured for maximizing the number of awards to small businesses; and
- Enhancing the Central Contractor Registration, also referred to as “CCR” in order to capture information on area businesses interested in debris removal and support of disaster response and recovery requirements for Federal agencies to consult or consider, as needs arise.
- Encouraging private sector participation in the Regional Emergency Communications Coordination Workgroup.
- Mutual Aid for businesses.
- Mutual Aid Training for businesses.

FEMA is also designated to lead the implementation of Title IX of Pub. L. 110-53 the “Implementing Recommendations of the 9/11 Commission Act of 2007.” Title IX requires the Department of Homeland Security to develop a voluntary private sector preparedness accreditation and certification program. The Secretary of Homeland Security selected the FEMA Administrator as the Designated Officer for Title IX, and program efforts are conducted in close collaboration with the DHS Offices of Infrastructure Protection, Private Sector and Science and Technology.

The Voluntary Private Sector Preparedness Accreditation and Certification Program is mandated by the *Implementing Recommendations of the 9/11 Commission Act of 2007* to establish a common set of criteria for private sector preparedness, including disaster management, emergency management, and business continuity programs. The goal of this voluntary program is to enhance nationwide resilience in an all hazards environment by improving private sector preparedness. Participation in the program will be voluntary and intended to be driven by the marketplace.

At present, there is no comprehensive set of standards by which American businesses and other private sector entities can assess their preparedness for all hazards, and yet these organizations are more at risk than ever of catastrophic losses due to natural or other disasters. The Title IX Program is actively working with the Private Sector, including Standards Development Organizations, to establish a comprehensive set of standards for future use.

The National Response Framework and the Private Sector

Through the National Incident Management System (NIMS) and the National Response Framework (NRF), DHS/FEMA worked with industry representatives to include language in NIMS that integrates the private sector as a full partner in incident management. In January, DHS released the National Response Framework (NRF), a revision of the National Response Plan, which establishes a comprehensive, national all-hazards approach to domestic incident response. As opposed to being a Federal-centric plan, the NRF is truly a national plan and describes in detail, both in the base plan and

partner guides, how the NRF starts at the local level using NIMS principles to build a unified approach.

Private Sector organizations play a key role before, during and after an incident. In many facets of incident response, the government works directly with the private sector groups. The NRF describes how the private sector interfaces with other response organizations during an incident and acknowledges the private sector's unique roles from an impacted organization to a response provider. In addition to the existing Private Sector Support Annex and Volunteer and Donations Management Support Annex, the NRF includes supplemental material including a private sector partner guide to further detail roles and responsibilities.

The FEMA Private Sector Office teamed with the American Red Cross to hold a one-day conference in May whose goal was to educate private sector leaders from business and industry, as well as from NGOs and nonprofits, on key aspects of the NRF. A series of regional NRF conferences are planned for 2008/9 to expand private sector understanding and engagement in their roles under the NRF. A few examples of ways the private sector can operate within the NRF include:

- Preparing their own facilities and employees in advance to reduce the impact of a disaster on their organizations and help speed their recovery.
- Becoming involved in community efforts to make their neighborhoods and cities better prepared for future disasters.
- Providing situational awareness to state and federal partners, to aid response and recovery efforts.
- Delivering critical information to employees, customers and members during and after a disaster. For example, organizations can work with Private Sector liaisons to include information in employee email communications, customer interaction, and information exchanges with suppliers and partners.
- Providing bulk donations through appropriate, state-recognized channels.

Loaned Executive Program at FEMA

The Post-Katrina Emergency Reform Act, among other things, required FEMA to align with and leverage where applicable, private sector practices. One way we are working to leverage the capabilities of the Private Sector is through the Loaned Executive Program. The creation of the Logistics Management Directorate (LMD) in the spring of 2007 was the first and most logical area for FEMA to engage the private sector. Last summer we worked closely with US Chamber of Commerce to establish a first of its kind program in the federal government. Our first loaned executive was from the UPS Foundation, which loaned FEMA a global supply chain solutions expert who worked with FEMA from September 2007 through May 2008.

The loaned executive program allows private sector executives to lend their insights and best practices to FEMA and help the agency develop innovative solutions and apply best

practices to business process issues. Specific to the loaned executive from UPS, the program provided industry best practices in the area of supply chain management. This included leveraging tools and methodologies of UPS and its larger customers on demand planning, network design and management, metrics, and continuous improvement programs.

There is also benefit to private sector partners in that the loaned executives gain an understanding of Federal policies, processes, priorities and actions related to emergency management and preparedness.

Some of the key benefits provided by the Loaned Executive pilot included:

- Support of the development of a key performance indicators KPI / metrics program for LMD, which will enable the executive team to make swift and efficient decisions in the area of supply chain management.
- Alignment with LMD leadership on major organizational initiatives and coordinated benchmark sessions that will enable the directorate to accomplish both short and long term objectives.
- Call center design & build out (Processes, Systems, & Training).

FEMA developed a legal framework for the program which includes an Organizational Conflict of Interest/ Risk mitigation strategy. There was collaborative effort between FEMA ethics attorneys, UPS counsel & UPS's external counsel, DLA Piper, to develop appropriate documentation for this program.

Preparedness Partnerships

Citizen Corps

More than ever, we at FEMA are building stronger and more vibrant community coalitions and engaging with the private sector to ensure that they have a more prevalent role in emergency response through FEMA's Citizen Corps Program. Citizen Corps' primary mission is to bring community and government leaders together in an all-hazards emergency preparedness, planning, mitigation, response, and recovery framework. The Citizen Corps nationwide network includes more than 2,300 Citizen Corps Councils located in all 56 states and territories. Councils are encouraged to include business representation and to work with businesses to integrate business resources with community preparedness and response plans. An important priority for Councils at all levels is to educate and inform Americans in all sectors—including the private sector—about steps they can take to be prepared. The Citizen Corps program works closely with the Department of Homeland Security's Ready Campaign, making Ready Business and other Ready materials widely available. Furthermore, Citizen Corps encourages its Councils to work with local emergency management and to incorporate work continuity plans and planning in specific community context.

Citizen Corps' Partner Programs also collaborate with businesses. National Partner Programs include more than 3,000 Community Emergency Response Teams (CERT) and hundreds of Fire Corps, Medical Reserve Corps, Neighborhood Watch, and Volunteers in Police Service programs around the country. Many CERTs already include the business community in their training and exercises. For example, the San Diego County CERT has trained local utility and telecomm employees as part of their partnerships, and many CERTs have adapted the curriculum to business needs, providing Business Emergency Response Training for employees.

In addition, Citizen Corps Councils are encouraged to build strategic partnerships with local governments and businesses to coordinate training activities and exercises.

Ready Business Campaign

The Department's Ready Campaign aims to educate and empower Americans to prepare for and respond to emergencies both natural and man-made. Launched in 2003 with the Ad Council, Ready is a public service campaign. As a part of this effort, the campaign has an extension called Ready Business that is designed to help owners and managers of small- and medium-sized businesses prepare their employees, operations and assets in the event of an emergency.

Launched in 2004, *Ready Business* was developed by Homeland Security and launched in partnership with the U.S. Chamber of Commerce, Small Business Administration, Society of Human Resource Management, The Business Roundtable, The 9/11 Public Discourse Project, ASIS International, Business Executives for National Security, International Safety Equipment Association, International Security Management Association, National Association of Manufacturers, National Federation of Independent Businesses, and Department of Labor's Occupational Safety and Health Administration.

The goal of *Ready Business* is to raise the business community's awareness of the need for emergency planning and motivate businesses to take action. The campaign encourages business owners and managers to discuss the benefits of emergency preparedness measures and the need to plan to stay in business; talk to their employees; and protect their investment. Businesses can find downloadable tools and resources on its website to help them put these steps in place.

Ready Business also has a Spanish language companion, *Listo Negocios*, which provides several *Ready Business* tools and resources translated into Spanish.

Ready Business messages are delivered through: radio, print, outdoor and Internet public service announcements (PSAs) developed and produced by the Advertising Council. To date, the campaign has garnered \$96.4 million in donated media placement for its Ready Business PSAs. The campaign also gets this message out through brochures; www.ready.gov and www.listo.gov Web sites; toll-free phone lines 1-800-BE-READY and 1-888-SE-LISTO; and partnerships with a wide variety of public and private sector organizations.

In May 2006, the Ready Campaign launched the *Ready Business* Mentoring Initiative. This initiative is designed specifically to help owners and managers of small and medium-sized businesses prepare for emergencies. Materials were created to assist business and community leaders in hosting and delivering business preparedness workshops and training sessions. These sessions and the Ready Business Mentoring Guides outline how businesses can plan to stay in business; talk to employees; and protect assets. Workshop materials were provided through collaboration with the Extension Disaster Education Network (EDEN), funded by USDA's Cooperative State Research, Education and Extension Service.

To reach businesses and business organizations across the country, the Department reached out to U.S. Department of Commerce, Small Business Administration, U.S. Department of Agriculture and the nation's leading business organizations to distribute the Ready Business Mentoring Guides and provide access to its resources.

In addition to the Ready Business Mentoring Initiative, the Department also works with the private sector to encourage the adoption of the NFPA 1600 at the local level. For example the Department collaborated with the U.S. Chamber of Commerce on a pilot initiative to create a Regional Business Preparedness Summit in Charlotte, North Carolina. This event brought together local leaders in emergency management, public health and the private sector. Local businesses learned the importance of creating and exercising their business emergency plan, involving their employees, protecting their assets and coordinating with their local emergency management network.

Training and Exercise Programs

Another significant example of public-private partnering is through FEMA's new Training and Education Division, which has a number of courses being developed or delivered that are available for private sector participation. For example, the new online training relating to the National Infrastructure Protection Plan (IS 860) is designed to be used by both government and private sector security partners. More than 3000 individuals have taken this course since it was posted this past year.

Based on exercise scope and objectives NED works closely with the DHS and FEMA Private Sector Offices and the Office of Infrastructure Protection (OIP) to increase the involvement of private sector partners in national level exercise events as well as assist State and local efforts to include the private sector in their exercise programs.

For example, on April 30, 2007, FEMA Region I was a key player in the Hurricane Yvette Exercise which was designed to test the Federal government's response capabilities for a large-scale New England disaster. The early results are positive and demonstrate improvements made by implementing the lessons learned after Hurricane Katrina. The Department of Defense, the Department of Homeland Security, FEMA, the U.S. Coast Guard, State and local officials, and the private sector worked closely together responding to the scenario of a hypothetical Hurricane Yvette making landfall in Rhode Island and impacting several northeastern States. This was the largest such exercise ever conducted in New England. Private sector entities continue to be involved in the

Hurricane Preparedness Exercise activities that are sponsored by NED on an annual basis.

Conclusion: A Call for Continued Public-Private Communication and Partnership

As earlier stated, Federal disaster assistance administered by FEMA under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, historically, has been for individuals, households, public facilities and certain private nonprofit organizations.

FEMA is committed to building an engaged emergency management partnership that integrates a culture of preparedness in all levels of government, non-governmental organizations, and the private sector, including the small and disadvantaged business community. We understand the value and economy of injecting commerce back into a disaster ridden area through consistent and fluent investment with the small and disadvantaged business community, the backbone of our U.S. economy. Therefore, FEMA will continue to work to ensure that our socio-economic acquisition strategy and goals are in keeping with the larger charge of fair and equitable economic opportunity for small, minority and disadvantaged business.

FEMA's new vision calls for the Agency to adapt to new conditions, adopt innovative and more effective business practices, and address ever-changing needs. To do this, we want to hear from and work with all audiences with a stake and a responsibility in preparedness and disaster response.

The private sector, in particular the small business community should continue and build upon efforts in several key areas:

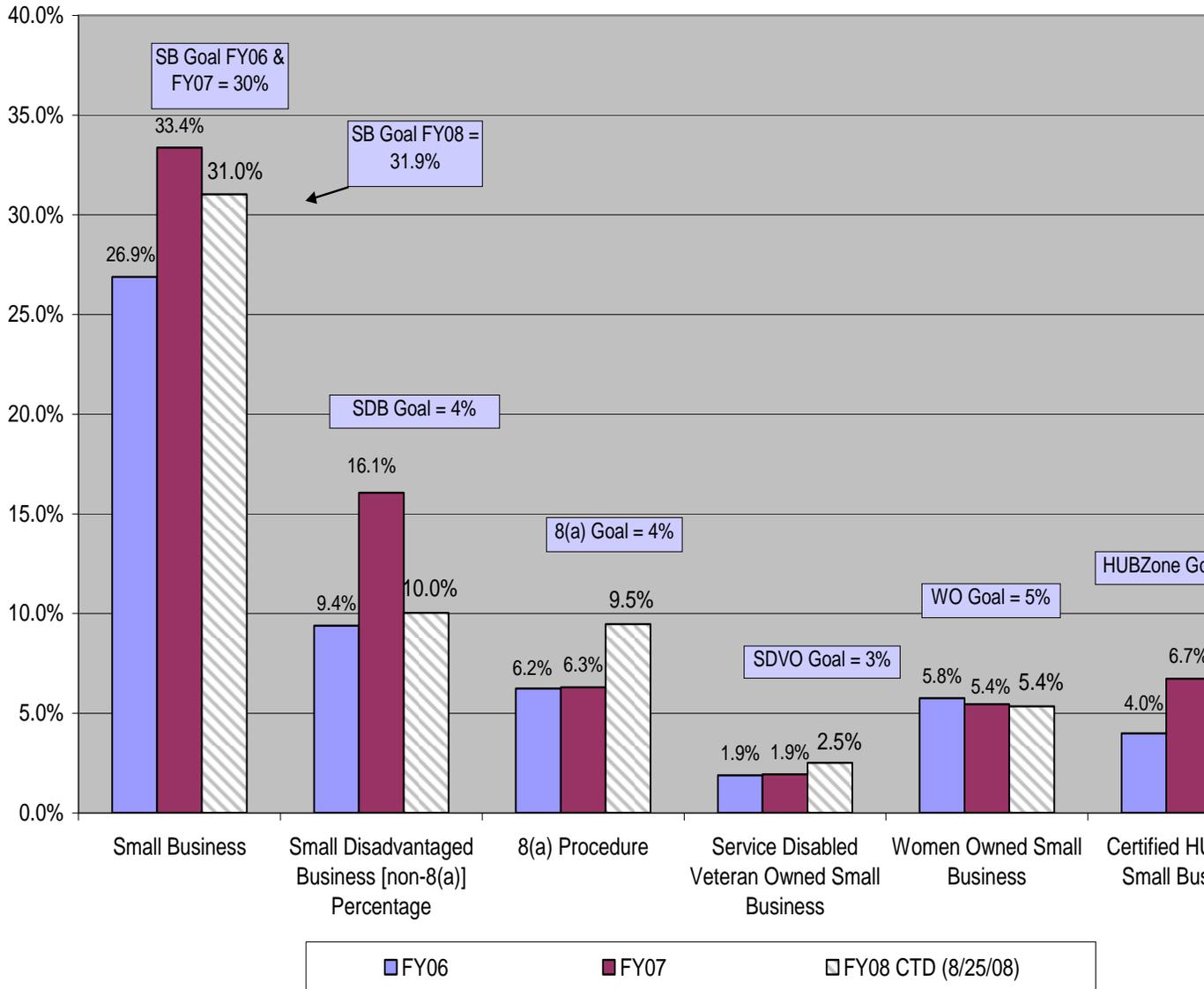
1. Developing strong business continuity plans for all of their locations and critical data centers.
2. Develop employee support plans for when their employees' office locations are damaged or if their employees have lost their homes to disaster. A key element of recovery is getting people back to work as quickly as possible.
3. Engage in prudent risk management practices and have strong health and safety programs.
4. Work closely with their local emergency managers, first responders and elected officials to be involved in disaster planning and to build protocols to assist with recovery efforts, before a disaster strikes.
5. Through business associations continue to work with state emergency management and FEMA to support mitigation activities, preparedness planning, disaster response, donations management, and recovery efforts.
6. Engage other private sector partners through planning, training, and exercise activities. The resulting relationships and shared vision can only help to strengthen our Nation's preparedness.

It is the work and resources we expend on this planning now, before a disaster, that will pay dividends later in a faster recovery and a more resilient nation. We cannot wait until

a disaster occurs to exchange our business cards and the private sector understands that it cannot just show up on game day and expect to play without coming to the practices.

Thank you for the opportunity you have afforded us today to speak about the new FEMA. I look forward to addressing your questions.

Socioeconomic Contracting % by Category



DISASTER RELIEF FUNDS AWARDED TO SMALL BUSINESSES (FY08)

	Code	State	Description	\$\$ awarded to SB's	Code	State	Description	\$\$ awarded to SB's	
FY08 Declared Disasters	1730DR	TX	Tropical Storm Erin	\$14,150	1758DR	AR	Severe Storm(s)	\$43,960	
	1731DR	CA	Fire	\$2,103,041	1760DR	MO	Severe Storm(s)	\$56,553	
	1732DR	IN	Severe Storm(s)	\$44,800	1761DR	GA	Severe Storm(s)	\$13,328	
	1733DR	OR	Severe Storm(s)	\$1,044,322	1762DR	CO	Severe Storm(s)	\$56,200	
	1734DR	WA	Severe Storm(s)	\$693,637	1763DR	IA	Severe Storm(s)	\$4,660,217	
	1735DR	OK	Severe Ice Storm	\$13,152	1765DR	NE	Severe Storm(s)	\$12,042	
	1736DR	MO	Severe Ice Storm	\$55,242	1766DR	IN	Severe Storm(s)	\$675,692	
	1737DR	IA	Severe Ice Storm	\$51,234	1767DR	MT	Severe Storm(s)	\$5,403	
	1738DR	NV	Severe Storm(s)	\$39,434	1768DR	WI	Severe Storm(s)	\$337,405	
	1740DR	IN	Severe Storm(s)	\$352,151	1769DR	WV	Severe Storm(s)	\$63,000	
	1741DR	KS	Severe Storm(s)	\$87,111	1770DR	NE	Severe Storm(s)	\$1,215	
	1742DR	MO	Severe Storm(s)	\$23,000	1771DR	IL	Severe Storm(s)	\$444,026	
	1743DR	HI	Severe Storm(s)	\$8,075	1772DR	MN	Severe Storm(s)	\$119,000	
	1744DR	AR	Severe Storm(s)	\$225,686	1773DR	MO	Severe Storm(s)	\$233,012	
	1745DR	TN	Severe Storm(s)	\$1,190,003	1774DR	SD	Severe Storm(s)	\$10,000	
	1746DR	KY	Severe Storm(s)	\$167,142	1776DR	KS	Severe Storm(s)	\$10,000	
	1747DR	IL	Severe Storm(s)	\$111,084	1777DR	MI	Severe Storm(s)	\$69,000	
	1748DR	MO	Severe Ice Storm	\$10,000	1778DR	VT	Severe Storm(s)	\$1,450	
	1749DR	MO	Severe Storm(s)	\$827,531	1780DR	TX	Hurricane	\$231,625	
	1750DR	GA	Severe Storm(s)	\$108,314	3279EM	CA	Fire	\$130,903	
	1751DR	AR	Severe Storm(s)	\$250,947	3280EM	OK	Severe Ice Storm	\$87,712	
	1752DR	OK	Severe Storm(s)	\$22,482	3281EM	MO	Severe Ice Storm	\$13,643	
	1753DR	MS	Severe Storm(s)	\$164,438	3282EM	KS	Severe Storm(s)	\$82,695	
	1755DR	ME	Flood	\$56,969	3284EM	TX	Fire	\$21,610	
	1756DR	OK	Severe Storm(s)	\$67,494	3285EM	WI	Snow	\$79,650	
	1757DR	KY	Severe Storm(s)	\$10,949	3286EM	OH	Snow	\$37,730	
	SUB-Total FY08 Disasters Awarded to SB's								\$15,239,459
Katrina/Rita	1603DR	LA	Hurricane Katrina					\$103,504,358	
	1604DR	TX	Hurricane Katrina					\$40,571,686	
	1605DR	AL	Hurricane Katrina					\$3,948,869	
	1606DR	MS	Hurricane Rita					\$858,829	
	1607DR	LA	Hurricane Rita					\$173,274	
	SUB-Total Katrina/Rita Awards to SB's								\$149,057,015
Other Disasters Awards to SB's								\$25,159,247	
TOTAL								\$189,455,722	