



## HEARING SUMMARY

Date: May 14, 2014  
From: BuildStrong Coalition and NAMIC  
Committee: Senate Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia  
Title: The Role of Mitigation in Reducing Federal Expenditures for Disaster Response

### I. SENATE EMERGENCY MANAGEMENT SUBCOMMITTEE ROSTER

DEMOCRATS	PRESENT	REPUBLICANS	PRESENT
(Chair) Mark Begich, AK	*	(RM) Rand Paul, KY	
Carl Levin, MI		John McCain, AZ	
Mark Pryor, AR	*	Rob Portman, OH	
Mary Landrieu, LA	*	Mike Enzi, WY	
Jon Tester, MT			
Heidi Heitkamp, ND			

### II. WITNESS AND TESTIMONY

#### Witness Panel:

- **David Miller**  
Associate Administrator, Federal Insurance and Mitigation Administration  
Federal Emergency Management Agency
- **Christopher Currie**  
Director, Emergency Management and National Preparedness Issues  
Government Accountability Office
- **Chad Berginnis**  
Executive Director  
Association of State Floodplain Managers
- **Robert Detlefson, Ph.D.**  
Vice President of Public Policy  
National Association of Mutual Insurance Companies on behalf of the BuildStrong Coalition

### III. OPENING STATEMENTS

#### Senators:

##### *Sen Begich*

During his opening remarks, Senator Begich set the theme of the hearing and outlined its purpose, to examine the potential relationship between investment in mitigation and disaster response. He gave a brief overview of the rising federal expenditures on disaster assistance in recent years and strongly endorsed mitigation as the most effective solution to reducing those costs. According to Sen. Begich, the insolvency of the National Flood Insurance Program and the Disaster Relief Fund are prime examples of the urgent need for investment in mitigation. Mitigation not only reduces costs in the aftermath of a disaster, but also reduces the overall risk level therefore reducing insurance premiums for consumers. Sen. Begich concluded his remarks by stating that he believes this issue is one of the greatest challenges facing the insurance industry and emergency management community.

#### Witness Panel

Although each witness brought their own expertise and focus to the hearing, there were a number of reoccurring themes throughout the opening testimonies. Most noticeably, all four witnesses agreed that federal spending on natural disasters has increased drastically in recent years and is on an unsustainable path. Furthermore, the witnesses stated that mitigation is one of the best and only tools we have to address this problem. Although a number of different regulatory and legislative proposals were discussed, the witnesses agreed that the federal government needs to do more to encourage states and individuals to invest in mitigation by providing basic incentives.

### IV. ANALYSIS

#### **Building a National Mitigation Framework**

Mr. Miller discussed FEMA's ongoing mitigation programs and proposed ways to educate, incentivize, and fund state, local and tribal efforts to build stronger communities. One specific initiative he discussed was a recent FEMA undertaking to develop a national mitigation framework by coordinating national-level mitigation activities with other federal agencies and state, local, tribal and territorial governments. Mr. Miller underscored the notion that mitigation is a shared responsibility, not just the responsibility of the federal government. Mr. Berginnis also agreed that we must tackle the problem at the national level with a broad national commitment to risk reduction. Specifically, Mr. Berginnis stated the need for improved synergies between the Stafford Act and Flood Insurance mitigation efforts.

#### **Individuals May Lack Incentives and Understanding of Risk When Deciding Whether to Invest in Resilience Building Efforts**

Mr. Currie testified that individuals may lack incentives to take resilient-building measures. He noted that increased awareness of the hazards associated with living in a certain area or previous experience with disasters does not necessarily persuade individuals to take preventive measures against future disasters. Residents of hazard-prone areas tend to treat the possibility of a disaster's occurrence as sufficiently low to permit them to

ignore the consequences. Additionally, Mr. Currie testified that a lack of comprehensive, reliable data to make decisions about cost-benefit tradeoffs may also inhibit local governments from deciding to invest in hazard mitigation activities.

Dr. Detlefson echoed these points during his testimony while outlining legislation, the Disaster Savings Account Act of 2014, to incentivize individuals to invest in hazard mitigation. According to Dr. Detlefson, the Disaster Savings Account Act is a common sense proposal that allows homeowners to create a tax-free savings accounts to be used for mitigation activities.

Mr. Berginnis reiterated these points and stated that there seems to be a common misperception that preparedness and response activities should happen now, while mitigation activities can wait. He said that this misperception creates missed opportunities to not only reduce risk but also to save money for taxpayers and those affected by the disaster. He also advocated tax code reforms to improve mitigation. According to Mr. Berginnis, the tax code provides maximum incentives to do nothing to improve one's resiliency against natural hazards as it exists now. There is no recognition of or credit for undertaking hazard mitigation activities.

### **How can the Federal Government Incentivize States to Adopt and Enforce Statewide Building Codes?**

The witnesses agreed that hazard mitigation is not just a federal responsibility. States must also do their share. However, there are certain things the federal government can do to incentivize states to make the right decision. Throughout the hearing, Dr. Detlefson urged the subcommittee to support S. 924, the Safe Building Code Incentive Act. Under the proposed law, states that adopt and enforce nationally recognized model building codes for residential and commercial structures would qualify for an additional 4% of funding available for post-disaster grants, which will be administered by FEMA through the Stafford Act. He testified that the legislation is a forward-thinking investment from the federal government to incentivize states to not only to build stronger, safer homes and businesses, but to save lives and prevent losses.

### **The Reduction of Risk is Key to Reducing Disaster-Related Cost to the Nation**

During his testimony, Mr. Berginnis emphasized that the reduction of risk is key to reducing disaster-related cost to the nation, to states and communities, and to property owners. In short, hazard mitigation saves money and represents a societal investment, not a cost. He stated that as the costs associated with natural disasters continue to rise, mitigation is the key to reducing risk and to reducing costs.

### **Mitigation Efforts Have an Impact on the Sustainability and Success of the National Flood Insurance Program (NFIP)**

The issue of flood mapping and the NFIP was of particular interest to Senators Begich and Landrieu during the question and answer portion of the hearing. In his opening statement, Mr. Berginnis talked about the lack of funding for flood mapping programs under the NFIP and the positive reforms to the program in recent years. He underscored the importance of the NFIP's mitigation programs and advocated for increased focus and resources on them going forward.

Senator Landrieu had a number of questions for Mr. Berginnis regarding the flood maps used to determine risk under the NFIP. The Senator expressed her disappointment in the witness and the Association of State Floodplain Managers for not supporting her proposed reforms to the Biggert-Waters legislation, which, according to her, would have had devastating impacts on the residents of Louisiana. Senator Landrieu was noticeably upset with

Mr. Miller and FEMA during the hearing, and cited her displeasure over the lack of progress in updating the flood maps to consider existing non-federal levees in its final risk assessment.

Senator Begich proposed that the various departments such as the USGS, FEMA, and the Army Corps of Engineers, which have their own flood mapping programs, coordinate their efforts under one baseline standard. He stated that federal mitigation incentives would ultimately be ineffective if they are based on flawed mapping data.