



ASSOCIATION OF STATE FLOODPLAIN MANAGERS, INC.

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Rules Docket Clerk
Office of Chief Counsel
Federal Emergency Management Agency
Room 835
500 C Street, SW
Washington, DC 20472

SUBJECT: Docket ID FEMA-2006-0035
FEMA 44 CFR Parts 206 and 207, Management Costs

The Association of State Floodplain Managers Mitigation Committee would like to comment on the proposed fixed Management Cost rate for the Hazard Mitigation Grant Program (HMGP). The Association of State Floodplain Managers, Inc. (ASFPM) and its 26 Chapters represent over 11,000 state and local officials and other professionals who are engaged in all aspects of floodplain management and hazard mitigation. All ASFPM members are concerned with working to reduce our Nation's flood-related losses. Our state and local officials are the federal government's partners in implementing flood mitigation programs and working to achieve effectiveness in meeting our shared objectives. Many of our state members are designated by their governors to coordinate the National Flood Insurance Program and many others are involved in the administration of and participation in the Federal Emergency Management Agency's (FEMA) mitigation programs.

ASFPM believes that the proposed rate of 4.89% is insufficient to adequately administer HMGP for three reasons: (1) the program's increasingly stringent demands and requirements made by FEMA; (2) the proposed rate includes subgrantee management costs which, until now, were separately awarded directly to the subgrantee; and (3) the proposed rate is inconsistent with that awarded/utilized historically.

ASFPM questions the analysis conducted by FEMA that concludes the management cost rate is based on historical data when a number of the Association's state members are indicating their records yield a historical average rate that is two to three times higher (10% to 12%). It is particularly notable that the reported rates do not include grantee or subgrantee administrative costs. Given the very small adjustment in the proposed rate (4.89%) from that proposed in 2002 (4.41%), ASFPM questions whether current data has been used.

Dedicated to reducing flood losses in the nation.

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ASFPM has long believed that floodplain management, and other hazards management programs, is a shared responsibility at all levels of government. ASFPM also believes that state capability in these programs is critical for efficient and effective program delivery. To that end, management costs have been traditionally cost-shared (to ensure state participation and ownership) and available at a rate that was both proportional to a disaster but also recognizing that there are certain fixed costs in HMGP program delivery. For example, a small disaster may necessitate an overall management cost rate that is higher than a large disaster because certain program elements, such as notification of statewide availability, ranking and reviewing applications, etc. are fixed, regardless of the size of the disaster. Use of a single fixed rate that is far too low for effective program management of any magnitude event will erode state capability and capacity to manage all events. The fact that management costs are taken out of the available HMGP funds, thus reducing funds available for projects, is a built in incentive for states to minimize costs wherever possible. Although the Disaster Mitigation Act of 2000 directs FEMA to set a management cost rate, ASFPM does not agree that the intent was to set the lowest possible rate. Rather, it seems reasonable for the rate to set a ceiling (not-to-exceed).

FEMA does not provide state mitigation managers a baseline funding mechanism such as the National Flood Insurance Program's Community Assistance Program (CAP), to assist with building a minimum level of state capability in hazard mitigation. Therefore, management costs and technical assistance costs from FEMA's five hazard mitigation programs become much more important to building and maintaining state capability while ensuring effective program delivery.

Finally, FEMA is moving forward with the unification of the hazard mitigation grant programs; however, the proposed HMGP management cost rate is inconsistent with the other four FEMA mitigation grant programs. The Flood Mitigation Assistance (FMA), Pre-Disaster Mitigation (PDM), Repetitive Flood Claims (RFC), and likely the Severe Repetitive Loss (SRL) Programs all allow for up to 10% for managing the programs. This is inconsistent with the proposed management cost rate for the HMGP. Also, the subgrantees are allowed up to an additional 5% for managing the subgrants.

ASFPM urges FEMA to suspend this interim final rule and revise the rate to reflect the realities of HMGP program management based on data collected from all states to provide a better understanding of the current costs to manage the program. If you have any questions, please contact me at 402-471-3957.

Sincerely,

Steve McMaster
Association of State Floodplain Managers
Mitigation Committee Chair