THE WHITE HOUSE
WASHINGTON
June 2, 1978

Jim McIntyre
Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Jim -- please advise the affected agencies.

Rick Hutcheson

cc: Stu Eizenstat
Zbig Brzezinski
Charlie Schultze
Richard Pettigrew
Frank Press
Greg Schneider

REORGANIZATION OF EMERGENCY PREPAREDNESS
AND RESPONSE PROGRAMS
Mr. President --

Binders containing supplemental responses to Emergency Preparedness Memorandum, and Greg Schneiders' memo re results of study, are in my office next to television set in the event you want to glance at them.

-- Susan
MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr.

SUBJECT: Reorganization of Emergency Preparedness and Response Programs

This memorandum summarizes the attached reorganization study of Federal emergency preparedness programs. The objective of the study was to develop an appropriate organization of Federal authorities to deal with events that physically threaten the lives and property of the civilian population. We recommend that certain emergency preparedness and response authorities now segregated in eight Federal agencies be consolidated by reorganization plan into a new independent agency reporting to the President. This action would permit the elimination of four of these agencies and streamline the operations of the other four, without diminishing the effectiveness of their remaining functions.

I. CURRENT STRUCTURE

Since 1973, three agencies have had responsibility for broad planning and coordinating missions in anticipation of and in response to civil emergencies, under authorities vested in the President:

- The Federal Preparedness Agency (FPA) in the General Services Administration (GSA) coordinates civil preparedness policies and programs.

- The Defense Civil Preparedness Agency (DCPA) in the Department of Defense (DOD) administers the civil defense program through financial assistance to State and local governments.

- The Federal Disaster Assistance Administration (FDAA) in the Department of Housing and Urban Development (HUD) coordinates Federal natural disaster relief operations and administers a small natural disaster preparedness State grant program.
At least 20 Federal agencies have specific emergency research, prevention or disaster operational assignments, and most other agencies have the responsibility to plan for the performance of their regular missions under emergency conditions. Further complicating the organizational picture is the fact that State and local governments are the front line of civilian preparedness, mitigation, and response for natural, accidental, and wartime civil emergencies.

II. STATEMENT OF PROBLEM

Our technology-dependent civilian society is vulnerable not only to natural phenomena, but also to military and terrorist action and to manmade disasters which range from dam failures and blackouts to chemical and radiological accidents. Recognizing this, the States and local governments have equipped themselves with authorities and organizations which permit an "all-hazard" approach to emergency planning.

However, the Federal Government's organization for carrying out its responsibilities in civil emergency preparedness, mitigation and response has historically been unstable and is currently in disarray.

It has been the target of severe criticism by Congress, GAO, Federal agencies, and especially State and local governments. A long list of problems (on pages 5-6 of the background memorandum and pages 2-10 of its Appendix A) has been documented, including:

- Lack of accountability for performance below the Presidential level.
- Duplication and overlap in relations with the States.
- Conflicts over authority and jurisdiction.
- Indecision on policy questions, such as the "dual use" of resources for both natural and wartime civil emergencies or the relative emphasis on disaster hazard reduction versus disaster relief.
- Frequent Executive Office intervention to devise responses on an ad hoc basis.

III. POLICY ASSUMPTIONS

The recommendations which follow are based explicitly on a set of policy principles which are controversial but essential to an understanding of the recommended changes:
- **Dual Use.** Civil defense should not depend on a segregated and reserved set of resources. The communications, warning, evacuation, and education planning processes involved in preparedness for a nuclear attack should be developed, tested, and used for natural and accidental disasters as well.

- **Executive Responsibility.** Anticipation of and planning for civil emergencies is an important executive responsibility, deserving regular attention and emphasis at the highest levels of the Federal structure including the White House.

- **State and Local Role.** Both attack and natural disaster preparedness programs must be founded on existing civilian organization and resources which are primarily at State and local levels.

- **Use of In-Place Federal Resources.** Emergency responsibilities should be extensions of regular agency missions whenever possible; the primary organizational task is to coordinate, under emergency conditions, resources that have other uses on a day-to-day basis.

- **Mitigation.** Hazard mitigation--reducing vulnerability of people and property through sensible regulation of land use and building standards--should be a central long-term thrust of Federal involvement in natural disasters as an alternative to disaster relief.

### IV. RECOMMENDATIONS

#### A. Consolidate FPA, FDAA, and DCPA

The new agency (see Appendix E of attachment) would develop and coordinate Federal programs for the protection of civilian population, resources, and governmental authority at all stages preceding, during, and following a major natural, accidental, or wartime civil emergency.

The benefits expected from this consolidation (stated more fully on pages 10-11 of the attachment) include:
Creating a single accountable official and point of contact for State and local governments.

Providing greater visibility and coherence for preparedness functions.

Ending the present separation of authorities for dealing with various types and stages of disasters.

Responding to an urgent need for consolidation voiced by State and local interest groups, all 50 governors, and several dozen members of Congress, including all who have actively investigated the issue.

Providing significant economies through combining duplicative regional structures and redundant data processing and policy analysis systems.

The costs and potential drawbacks include:

- Possibly deemphasizing either natural disaster or attack preparedness in an agency combining both.

- Disrupting, for a brief period, established capabilities and requiring one-time dollar costs during process of change.

- Possibly increasing budget pressures from the States who might expect a more sympathetic hearing from an agency organized along the same "all hazard" principles that State organizations follow.

We believe that the political and management benefits substantially exceed the costs and that the latter can be minimized by determined and effective leadership by the head of the new agency.

In reaching this conclusion, we considered other alternatives. Option 1 would create a policy planning and coordinating group attached to an existing agency or to the Executive Office to respond to some of these problems. Such a body would not respond to State and local needs and would be unlikely to be more successful than prior coordination attempts have been.

Option 2 would separate natural disaster and nuclear preparedness programs, placing the latter in Defense (including the civil defense policymaking responsibilities now lodged in FPA). The revamped program would center on evacuation and fallout protection. This option avoids the possibility of
having one function deemphasized in favor of the other. It also avoids Defense's concern that moving DCPA out of Defense will be seen as downgrading the function. We feel strongly that this alternative is the wrong choice and will be decisively opposed by State and local governments and Congress. It ignores the fact that State and local governments must carry out a civil defense program, and they have little interest in devoting resources to a program that is unresponsive to their own primary concerns about natural and accidental disasters. We feel that the civil defense program can be (as it was, from 1950 to 1961) carried out more effectively under civilian leadership than by DOD, which has no other significant grant programs.

Agency Views

All agencies except those losing programs favor this recommendation. HUD expresses reservations about the consolidation but does not oppose it. Its reservations include a fear that the proposal may increase pressures for increased disaster spending, that it may submerge either civil defense or natural disaster preparedness in favor of the other, and that it may expose the President to more direct criticism when relief operations do not go well. GSA will support the recommendation, but prefers a more limited policy planning and coordination group attached to an existing agency. DOD opposes the loss of DCPA and favors Option 2 above. DOD has rejected a proposed agreement under which DOD would retain civil defense policy guidance and budget review authority.

DECISION

[ ] Consolidate FPA, DCPA, and FDAA (OMB, DPS, NSC, CEA recommend)

[ ] Create policy planning and coordination group
   (GSA recommends)

[ ] Separate natural disaster and nuclear preparedness programs (Defense recommends)

B. Create an independent agency to house the consolidated units.

(This and subsequent decisions are relevant only if you have approved the OMB recommendation in Decision No. 1.)

We considered several locations for a consolidated agency (see pages 15-18 of the attachment). Incorporation within the EOP, preferred by most groups and some proponents of the consolidation in Congress, was rejected because it would almost triple the size of the EOP and is not necessary.)
Attaching the new agency to an existing parent agency (DOD, GSA, or HUD) or another agency would allow access to the administrative resources of a large organization.

The disadvantages, however, outweigh the advantages. Subordinating coordinative authorities to the sub-departmental level has not worked in the years since the 1973 reorganization. Layering, low visibility, and inevitable conflicts with other departmental priorities make this alternative unacceptable to Congress and State and local governments. Further, subordination to a domestic agency (HUD or GSA) would be seen by Defense as an unacceptable downgrading of attack preparedness in favor of natural disaster activities. Assignment to Defense would be just as strongly resisted by State and local governments and voluntary groups, and is not advocated by DOD either.

We long resisted the third alternative—Independent agency status—because it adds one to the already large number of agencies reporting to the President. I am now convinced, however, that this alternative is inescapable. To the advantages of accountability, visibility, policy control, and a direct reporting line to the President in times of crisis, must be added the fact that all 50 governors and 59 members of Congress have explicitly endorsed independent status. In this case, we would expect considerably more Congressional opposition from failure to create a new independent agency than from our recommendation to do so. Independence is also supported by voluntary sector organizations such as the Red Cross and the United Way, and by all key public officials' groups, including limited purpose groups such as the State Disaster Preparedness Directors and the Civil Defense Council.

There has been no agency opposition, apart from the consolidation question, to the creation of an independent agency. Although some members of Congress have expressed reservations about creating new agencies in general, we believe that they will support this recommendation.

DECISION

☑ Approve new independent agency (OMB recommendation)
☐ Disapprove

Reluctantly
C. Create a White House Emergency Management Committee.

The interagency and intergovernmental coordinative and planning responsibilities of the new agency, as well as the fact that the President must exercise direct control in some civil emergency situations, argue for a formal link to the White House (see pages 18-19 of attachment). We recommend that the Administrator of the new agency chair an Emergency Management Committee created by Executive Order and composed of Assistants to the President for National Security, Domestic Affairs, and Intergovernmental Relations as well as myself. The committee would replace the inactive Crisis Management Committee, set policy for the new agency, and advise the President in civil emergency situations. We further recommend that the Administrator of the new agency be invited to relevant NSC and all Cabinet meetings.

There has been no agency opposition to these recommendations, though the National Security Advisor believes the Vice President should chair the committee.

DECISION

[ ] Approve White House Emergency Management Committee (OMB recommendation) Tentative ok

[ ] Disapprove

[ ] Approve Invitee Status at Relevant NSC and all Cabinet Meetings (OMB recommendation)

[ ] Disapprove Will decide later

D. Add several other hazard mitigation programs to the new agency.

Although the new agency could stand alone, we believe that several other responsibilities should be added to it—both to minimize separate contacts at the State and local level, and to strengthen the new agency by giving it some operational resources and an organizational theme as the central locus of disaster hazard mitigation authorities. In the long run, as Frank Press has emphasized, hazard mitigation offers a necessary and cost-effective alternative to rising disaster relief expenditures (see pages 18-20 of attachment).
Specifically, the supplementary functions we recommend for consolidation in the new agency are:

- The community preparedness program now carried out by the National Weather Service in Commerce.

- The functions of the Federal Insurance Administration in HUD.

- The fire prevention and control program located in Commerce.

- The earthquake hazard reduction and dam safety coordinating functions now assigned to the Office of Science and Technology Policy.

- The emergency broadcast system (EBS) planning responsibilities of the former Office of Telecommunications Policy.

- The coordination of emergency warning systems and Federal response to consequences of terrorist incidents both of which responsibilities are not now assigned.

Three of these recommendations have sparked controversy.

(1) Federal Insurance Administration (FIA)

The Federal Insurance Administration in HUD devotes almost all of its resources to discouraging the building of structures in flood plains through stimulation of local ordinances. It also subsidizes flood insurance, though the sales and claims work is contracted out. It has a small (8 staff years) crime/riot insurance program as well, and occasionally does non-statutory investigative and consultative work on insurance matters (see pages 23-25 and Appendix L of attachment).

We believe that the Flood Insurance Program is essential to giving the new agency the lead role in hazard reduction. Most Presidentially declared disasters are floods and this is by far the most significant hazard mitigation program. It has not fared well lately in a series of disputes with Congress. HUD opposes the transfer of flood plain hazard reduction and insurance, arguing that flood relief should be kept totally separate from hazard reduction and insurance. HUD forecasts
a decline in status for the program if it were to be included with other hazard reduction programs in a sub-Cabinet agency. Since separation of the Flood Insurance Program would leave only about 10% of FIA in HUD, we are recommending transfer of all the FIA functions pending a broader decision on how to handle insurance questions throughout the Government. This transfer will face some opposition in Congress from environmentalists, the insurance industry, and the Banking Committees unless it is convincingly presented as a strong commitment to strengthening the mitigation principle. Without this commitment, they will worry that the land use provisions of the flood insurance program will suffer by association with FDAA's disaster relief authorities, notwithstanding the fact that both programs are now co-located in HUD.

(2) NOAA/NWS Community Disaster Preparedness Program

The National Weather Service in the Department of Commerce administers a community-level disaster preparedness program confined to weather-related disasters like floods, tornados, and hurricanes (see page 23 and Appendix K of attachment). Although small (43 staff years budgeted for FY 1979), it is in fact the largest natural disaster preparedness staff in the Federal establishment.

The NWS program is staffed by meteorologists who encourage and assist communities to develop natural disaster preparedness plans. In carrying out this responsibility, NWS works with the same local emergency officials contacted by other Federal preparedness and mitigation programs, lending weight to the perception of program fragmentation based on the cause of a potential disaster.

Commerce argues that the program is a logical extension of the NWS warning system and NWS technical capabilities and that it neither duplicates nor conflicts with the programs of the new agency. Commerce opposes any transfer of the 21 new positions recommended for this program in your FY 1979 budget, arguing that meteorologists are needed in order to expand the program to areas not now covered.

These arguments notwithstanding, we believe that the new agency should have an "all hazards" focus and we recommend that you approve the transfer of the non-meteorological aspects of the community preparedness function in principle and leave the exact division of resources for my resolution in the next few weeks.
(3) National Fire Prevention and Control Administration (NFPCA)

The NFPCA was created in the Department of Commerce in 1974. Its principal activities are data collection and analysis, research, fire education and training, planning, and public education aimed at fire loss reduction. It is not involved in fire combat, since this is local responsibility. About 15% of local civil defense units are fire departments (see pages 25-26 and Appendix M of attachment).

We recommend transferring the program to the new agency. By doing so, we would strengthen the hazard reduction/prevention perspective of the new agency, consolidate Federal agencies that deal with local officials on emergency preparedness, and start to establish links between the agency and the communities with which it must deal. The NFPCA is not central to Commerce's principal responsibilities, though there is a strong lateral link to the Fire Research Center (National Bureau of Standards), which gets 60% of its funding from NFPCA.

Commerce strongly opposes the transfer, arguing that: "(1) the functions and objectives of the NFPCA are not the same as those of key elements in the new agency; (2) the character of the new agency will lead NFPCA to focus on fire suppression rather than fire prevention, a focus which will create pressure for funding of a large grant program; and (3) the transfer would disrupt the funding control mechanism which allows NFPCA to see that NBS research activities mesh with the rest of the NFPCA program."

The fire service groups are well organized and vocal. The Joint Fire Council has promised support for the transfer, but has made this support contingent on funding of the National Fire Academy. The funding issue has not yet been resolved. Groups representing local government officials, e.g., the National League of Cities, are on record as opposing the transfer, but we believe they will follow the lead of the fire services groups.

DECISIONS

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Response to Consequences of Terrorist Incidents

Community Disaster Preparedness (NWS)

Federal Insurance Administration (HUD)

National Fire Prevention and Control Administration (Commerce)

V. IMPLEMENTATION

A detailed reorganization plan incorporating your decisions can be prepared for submission to Congress within one month. Should you approve all of the recommendations above, the new agency will have an initial staff of approximately 2,300 and a budget of roughly $475 million. Our reorganization plan will show a potential reduction of from 200 to 300 staff spaces (achieved through attrition) and a budget savings of $10 to $15 million.