

Traditional Consolidation & The FEMA Failure

When George W. Bush was elected, FEMA was at the top of its game. Director James Lee Witt, who had been Clinton's emergency response director in Arkansas, was the first FEMA director in the agency's 24 year history with direct experience in emergency management. He reinvented the agency, staffed its highest levels with competent managers rather than the usual political appointees, promoted on merit rather than political connections, and fought successfully for adequate funding.



The results were highly visible. FEMA not only won kudos for its quick and effective response to major hurricanes under Witt, but it initiated a set of preventative programs intended to mitigate the impact of future disasters--buying up susceptible land to prevent settlement, for example. In 1996, Clinton elevated FEMA to cabinet status.

(For a brief review of FEMA's pre-Bush history, visit PBS Frontline online: <http://www.pbs.org/wgbh/pages/frontline/storm/etc/femahist.html>).

In contrast, Bush appointed his former campaign director, Joe Allbaugh, to succeed Witt and filled the agency's top positions with Republican donors who had little experience in disaster response. After 9-11 he succumbed to Congressional pressure and supported the consolidation of 22 agencies, including FEMA, into a new Department of Homeland Security.

Bush also began to move resources from FEMA to agencies that dealt with terrorism. If not for Congress, the administration would have cut the federal contribution for large-scale natural disaster expenditures from 75 to 50 percent. In 2003, Congress did agree to cut FEMA's Hazard Mitigation Grant Program in half.

In 2004 FEMA launched a planning exercise called "Hurricane Pam," which assumed a Katrina-like event in New Orleans that left more than 100,000 people stranded in a flooded city. Bush budget cuts forced FEMA to abort the exercise in midstream.

Representative Martin Sabo (D-Minn.), the senior Democrat on the House Appropriations Homeland Security Subcommittee, summed it up well: FEMA "lost resources; it lost professionals ... its role diminished. It went from being a stand-alone agency which clearly had clout within the federal government, which had the ear of the president and which was run by professionals, to a second- or third-tier organization which was buried in the bureaucracy of the Department of Homeland Security."



As the political appointees took over FEMA, morale plummeted and scores of experienced managers departed. In February 2004, the American Federation of Government Employees surveyed 84 FEMA personnel about the agency's condition. Sixty percent of respondents said that, if given an opportunity to move to another agency and make the same salary, they'd do so. The GAO rated FEMA's morale one of the lowest of any government agency, a stunning drop from Witt's tenure.

"Before, we reported straight to the White House, and now we've got this elaborate bureaucracy on top of us, and a lot of this bureaucracy doesn't think what we're doing is that important, because terrorism isn't our number one," said Pleasant Mann, FEMA employee and union president. "The biggest frustration here is that we at FEMA have responded to disasters like Oklahoma City and 9/11, and here are people who haven't responded to a kitchen fire telling us how to deal with terrorism."

Equally important, FEMA lost its agility. Decisions had to go up a higher, longer chain of command, and FEMA Director Michael Brown's authority to make quick decision was hamstrung. FEMA and its sister agencies were saddled with "unclear" leadership and a "disjointed" chain of command, the Government Accountability Office concluded in its recent report. The result: "The absence of timely and decisive action and clear leadership responsibility and accountability."

"No one was designated in advance to lead the overall federal response in anticipation of the event despite clear warnings from the National Hurricane Center," the GAO said. And Homeland Security Secretary Michael Chertoff waited until the day after Katrina hit to declare it "an incident of national significance," which triggered the use of adequate resources. Hence federal help arrived too late for many of those who died in New Orleans and virtually everyone who took shelter in the convention center and Superdome. Overall, the "federal posture generally was to wait for affected states to require assistance."

Even Brown, who resigned under pressure two weeks after Katrina, told Congress this month that changes made after FEMA was folded into the larger department had crippled its ability to respond to a natural disaster. He said he had begged Homeland Security Secretaries Tom Ridge and Michael Chertoff for more funds, but he was turned down because natural disasters were the "step-child" at Homeland Security. Brown urged that Congress make FEMA an independent agency again.

The Impulse to Consolidate

The 180,000-member Department Homeland Security is a classic example of the knee-jerk impulse to consolidate. This impulse promises greater efficiency through elimination of duplication and overlap, but too often it delivers huge bureaucracies with so many layers that authority is fragmented, communication is difficult, and decisions take forever.



Slamming multiple organizations together creates megabureaucracies with so many different missions that top leaders have no expertise in most of what the organization does. Homeland Security, for instance, now contains FEMA, the Transportation Security Administration, the Immigration and Naturalization Service, the Secret Service, the Coast Guard, the Customs Service, the Border Patrol, the Animal and Plant Health Inspection Service, the Animal Disease Center, Lawrence Livermore National Laboratory, the National Bioweapons Defense Analysis Center, and a dozen other agencies. How could any leadership team understand enough to make good decisions in all these areas?

Large organizations with multiple missions are notoriously poor performers. In some cases, such as Homeland Security, top leaders have clear priorities, but agencies that don't fit into those priorities remain, to paraphrase Brown, step-children. In other cases, top leaders have trouble agreeing on what is most important, hence no one in the bureaucracy has the kind of clarity of purpose that leads to high performance.

The Best Solution: Consolidate Steering and Separate it From Rowing

We need to think differently about consolidation. Fragmentation is a big problem in government, and overlap and duplication do exist. But there are better ways to consolidate than to create Soviet-style megabureaucracies.

Often, the best option is to consolidate funding streams and steering authority, but not the organizations that do the actual rowing. Steering--setting policy and direction--focuses on doing the right things. Rowing--service delivery and compliance operations--focuses on doing things right. Housed in separate organizations, each can concentrate on its mission.

Steering well is almost impossible if an organization's leaders also have to focus on rowing. Peter Drucker captured this point emphatically 35 years ago, in his book *The Age of Discontinuity*:

Any attempt to combine governing with "doing" on a large scale paralyzes the decision-making capacity. Any attempt to have decision-making organs actually "do," also means very poor "doing." They are not focused on "doing." They are not equipped for it. They are not fundamentally concerned with it.

Once the steering function has been separated out, it can be consolidated to assure that policy is integrated and mutually reinforcing across a government. To use the homeland security example, Congress should have created a relatively small department whose mission was to steer, but kept operational agencies like FEMA independent. The department would set outcome goals and policies, develop strategies and budgets for the operational agencies, develop performance agreements with agencies defining the results they would be expected to produce, evaluate their performance, and hold them



accountable. It would continually shift resources away from low-yield strategies and agencies to high-yield strategies and agencies.

This approach may sound radical, but it is common in other countries, from Sweden to New Zealand. It has many advantages. It keeps policy makers from getting sucked into the minutiae of operations. It minimizes the kind of micromanagement that is habitual in large, hierarchical organizations. It makes accountability for performance stronger, because the steering organization can shift resources from ineffective operations to high performers. And it gives policy leaders much more flexibility to change strategies and funding levels, but gives operational managers much more flexibility to manage their agencies.

Consolidating steering and funding but not rowing creates a fundamental—radical—shift in governance. It gives leaders the power to steer more effectively while forcing service providers and compliance agencies to continually improve their efficiency and effectiveness. Hurricane Katrina showed us just how important this can be.