



Highlights of [GAO-05-824T](#), a testimony before the Subcommittee on Management, Integration, and Oversight, House Committee on Homeland Security

Why GAO Did This Study

Previous GAO work has outlined the nation's growing fiscal imbalance and called for a fundamental reexamination of the base of the federal government. The significant resources directed to the Department of Homeland Security (DHS) indicate that a robust homeland security program is viewed as critical to the protection and prosperity of Americans. This testimony addresses the need for a fundamental reexamination of the base of government, the role that performance budgeting tools can play in helping inform agency activities, and DHS's use of performance budgeting and risk management concepts. It also includes examples from GAO work on homeland security issues that highlight DHS attempts to define an acceptable and achievable level of risk.

www.gao.gov/cgi-bin/getrpt?GAO-05-824T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Norman Rabkin at (202) 512-8777 or rabkinn@gao.gov.

STRATEGIC BUDGETING

Risk Management Principles Can Help DHS Allocate Resources to Highest Priorities

What GAO Found

The nation faces a long-term fiscal imbalance, and the role of the federal government is being reshaped by many forces, such as evolving defense and homeland security policies and new organizational and institutional arrangements for carrying out public activities. Given these circumstances, there is a critical need for the federal government to reexamine the base of its programs, policies, functions, and activities. A periodic reexamination of major federal spending and tax policies offers the prospect for the American government to eliminate outmoded operations and better align its operations with the demands of a changing world. The management and performance reforms enacted by Congress in the past 15 years have provided new tools to support this kind of reexamination. However, these new tools must be implemented by agencies and used by the Congress in its decision making in order to be effective.

Performance budgeting can help policymakers address important questions about whether and how programs contribute to their stated goals. It can help enhance the government's capacity to assess competing claims for federal dollars by arming decision makers with better information on the results of individual programs, as well as on various federal policies and programs addressing common goals. Performance budgeting, however, cannot provide answers to every resource question—particularly where allocation is a function of competing values and interests that depend on factors other than program performance.

Congress and the President have agreed on DHS's mission, and DHS has established strategic objectives for achieving its mission. However, DHS's strategic plan does not detail the associated resources necessary to carry out its mission and achieve its strategic goals. DHS has called for using risk-based approaches to prioritize its resource investments regarding critical infrastructure, and for developing plans and allocating resources in a way that balance security and freedom. It must carefully weigh the benefit of homeland security endeavors and allocate resources where the benefit of reducing risk is worth the additional cost. A comprehensive risk management framework—which includes an assessment of risk through threat, vulnerability, and criticality assessments—should be applied to guide these decisions. DHS has not completed a comprehensive national threat and risk assessment. However, some components of DHS have taken initial steps to apply elements of risk management to its operations and decision making. For example, the Coast Guard has taken actions to assess and mitigate vulnerabilities in order to enhance maritime security, and the Transportation Security Administration has conducted vulnerability assessments at selected general aviation airports. Congress and agencies have a shared responsibility for ensuring that performance budgeting and risk management approaches are both useful and used.