



Highlights of [GAO-08-488T](#), a testimony before the Subcommittee on Homeland Security, Committee on Appropriations, House of Representatives

Why GAO Did This Study

Since 2002, the Department of Homeland Security (DHS) has distributed over \$19 billion in homeland security grants to enhance the nation's preparedness and response capabilities. The Federal Emergency Management Agency (FEMA) is responsible for all preparedness efforts including allocating and managing these grants. This testimony examines (1) the process and methods to allocate homeland security grants to state and local governments, (2) how DHS communicates with states and localities in making grant allocation decisions, (3) what challenges affect the expeditious spending of DHS grant funds by states and localities; and (4) the extent that DHS measured program outcomes as part of its efforts to monitor the expenditure of grant dollars. GAO's testimony is based on products issued from April 2005 through July 2007 on DHS's grant management system, and on GAO's ongoing mandated work related to FEMA's risk-based grant distribution processes for fiscal years 2007 and 2008. To conduct this work, GAO reviewed relevant documents on FEMA's risk analysis model and interviewed agency officials.

What GAO Recommends

GAO has made recommendations to DHS in prior reports to measure emergency response capabilities and improve grant allocation decisions. DHS generally concurred with these recommendations and is making progress implementing them.

To view the full product, including the scope and methodology, click on [GAO-08-488T](#). For more information, contact William O. Jenkins, Jr. at (202) 512-8777 or jenkinswo@gao.gov.

HOMELAND SECURITY

DHS Improved its Risk-Based Grant Programs' Allocation and Management Methods, But Measuring Programs' Impact on National Capabilities Remains a Challenge

What GAO Found

DHS uses an evolving risk-based methodology to identify the urban areas eligible for homeland security grants and the amount of funds states and urban areas receive. DHS designed the methodology to measure the relative risk of a given state or urban area using a risk analysis model that defined *Risk* as the product of *Threat* times *Vulnerability* and *Consequences* ($R = T * (V \& C)$). Given the uncertainties inherent in risk assessment, the methodology uses a combination of empirical data (e.g., population, asset location) and policy judgment (e.g., the nature of the threat for specific areas and the weights to be assigned to specific variables in the model such as critical infrastructure, population, and population density).

According to FEMA officials and GAO's review of homeland security grant assistance documents, FEMA communicates with its state and local stakeholders by (1) providing individual threat assessments that DHS is using for its risk analysis model to each state and urban area, (2) validating the nonpublic national infrastructure data that are also part of the risk analysis model, (3) reviewing states' and urban areas' draft investment proposals that are later submitted and rated during DHS's effectiveness assessment process, (4) providing technical assistance as states and urban areas prepare grant applications, and (5) holding post-award conferences to solicit stakeholder feedback.

In April 2005, GAO reported that the ability of states and localities to spend grant funds expeditiously was complicated by the need to fulfill legal and procurement requirements, which in some cases added months to the purchasing process. GAO also reported a variety of steps that had been taken by states, DHS, and the Congress to streamline the expenditure of grant funds. However, GAO was unable to examine trends in obligations and expenditures for grant programs across fiscal years because the budget data FEMA provided did not specify grant expenditures by fiscal year and reporting categories were not consistent across fiscal years.

Although DHS has taken some steps to establish goals, gather information, and measure progress, its monitoring of homeland security grant expenditures does not provide a means to measure the achievement of desired program outcomes. FEMA's current efforts do not provide information on the effectiveness of those funds in improving the nation's capabilities or reducing risk. DHS leadership has identified this issue as a high priority, and is trying to develop a more quantitative approach to accomplish the goal of using this information for the more strategic purpose of monitoring the achievement of program goals, according to FEMA officials.