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MANAGING
PREPAREDNESS GRANTS
AND ASSESSING
NATIONAL CAPABILITIES

Continuing Challenges
Impede FEMA's Progress

Statement of William O. Jenkins, Jr., Director
Homeland Security and Justice



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Highlights of [GAO-12-526T](#), a testimony before the Subcommittee on Emergency Preparedness, Response, and Communications, Committee on Homeland Security, House of Representatives

Why GAO Did This Study

From fiscal years 2002 through 2011, the federal government appropriated over \$37 billion to the Department of Homeland Security's (DHS) preparedness grant programs to enhance the capabilities of state and local governments to prevent, protect against, respond to, and recover from terrorist attacks. DHS allocated \$20.3 billion of this funding to grant recipients through four of the largest preparedness grant programs—the State Homeland Security Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program. The Post-Katrina Emergency Management Reform Act of 2006 requires the Federal Emergency Management Agency (FEMA) to develop a national preparedness system and assess preparedness capabilities—capabilities needed to respond effectively to disasters. FEMA could then use such a system to help it prioritize grant funding. This testimony addresses the extent to which DHS and FEMA have made progress in managing preparedness grants and measuring preparedness by assessing capabilities and addressing related challenges. GAO's comments are based on products issued from April 2002 through February 2012 and selected updates conducted in March 2012.

What GAO Recommends

GAO has made recommendations to DHS and FEMA in prior reports to strengthen their management of preparedness grants and enhance their assessment of national preparedness capabilities. DHS and FEMA concurred and have actions underway to address them.

View [GAO-12-526T](#). For more information, contact William O. Jenkins, Jr. at (202) 512-8777 or jenkinswo@gao.gov.

March 20, 2012

FEDERAL EMERGENCY MANAGEMENT AGENCY

Continuing Challenges Impede Progress in Managing Preparedness Grants and Assessing National Capabilities

What GAO Found

DHS and FEMA have taken actions with the goal of enhancing management of preparedness grants, but better project information and coordination could help FEMA identify and mitigate the risk of unnecessary duplication among grant applications. Specifically, DHS and FEMA have taken actions to streamline the application and award processes and have enhanced their use of risk management for allocating grants. For example, in November 2011, GAO reported that DHS modified its risk assessment model for the Port Security Grant Program by recognizing that different ports have different vulnerability levels. However, in February 2012, GAO reported that FEMA made award decisions for four of its grant programs—the State Homeland Security Grant Program, the Urban Area Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program—with differing levels of information, which contributed to the risk of funding unnecessarily duplicative projects. GAO also reported that FEMA did not have a process to coordinate application reviews across the four grant programs. Rather, grant applications were reviewed separately by program and were not compared across each other to determine where possible unnecessary duplication may occur. Thus, GAO recommended that (1) FEMA collect project information with the level of detail needed to better position the agency to identify any potential unnecessary duplication within and across the four grant programs, weighing any additional costs of collecting this data and (2) explore opportunities to enhance FEMA's internal coordination and administration of the programs to identify and mitigate the potential for any unnecessary duplication. DHS agreed and identified planned actions to improve visibility and coordination across programs and projects. FEMA has proposed consolidating the majority of its various preparedness grant programs into a single, comprehensive preparedness grant program called the National Preparedness Grant Program (NPGP) in fiscal year 2013; however, this may create new challenges. For example, allocations under the NPGP would rely heavily on a state's risk assessment, but grantees have not yet received guidance on how to conduct the risk assessment process. FEMA has established a website to solicit input from stakeholders on how best to implement the program.

DHS and FEMA have had difficulty implementing longstanding plans and overcoming challenges in assessing capabilities, such as determining how to validate and aggregate data from federal, state, local, and tribal governments. For example, DHS first developed plans in 2004 to measure preparedness by assessing capabilities, but these efforts have been repeatedly delayed. In March 2011, GAO reported that FEMA's efforts to develop and implement a comprehensive, measurable, national preparedness assessment of capability and gaps were not yet complete and suggested that Congress consider limiting preparedness grant funding until FEMA completes a national preparedness assessment of capability gaps based on tiered, capability-specific performance objectives to enable prioritization of grant funding. In April 2011, Congress passed the fiscal year 2011 appropriations act for DHS that reduced funding for FEMA preparedness grants by \$875 million from the amount requested in the President's fiscal year 2011 budget. For fiscal year 2012, Congress appropriated \$1.28 billion less than requested in the President's budget.

Chairman Bilirakis, Ranking Member Richardson, and Members of the Subcommittee:

I appreciate the opportunity to participate in today's hearing and to discuss the efforts of the Federal Emergency Management Agency (FEMA)—a component of the Department of Homeland Security (DHS)—to manage preparedness grants and measure and assess national capabilities to respond to a major disaster. From fiscal years 2002 through 2011, the federal government appropriated over \$37 billion to a variety of DHS homeland security preparedness grant programs to enhance the capabilities of state, territory, local, and tribal governments to prevent, protect against, respond to, and recover from terrorist attacks and other disasters.¹ DHS allocated more than half of this total—\$20.3 billion—to grant recipients through four of the largest preparedness programs—the State Homeland Security Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program.

Congress enacted the Post-Katrina Emergency Management Reform Act of 2006 (Post-Katrina Act) in the aftermath of Hurricane Katrina.² In response to the Act, DHS centralized most of its preparedness programs under FEMA's Grant Programs Directorate to better integrate and coordinate grant management. The Act also requires that FEMA develop a national preparedness system and assess preparedness capabilities—capabilities needed to respond effectively to disasters—to determine the nation's preparedness capability levels and the resources needed to achieve desired levels of capability.³

¹ This total is based on Congressional Research Service data and GAO analysis, and includes firefighter assistance grants and emergency management performance grants. See Congressional Research Service, *Department of Homeland Security Assistance to States and Localities: A Summary of Issues for the 111th Congress*, R40246 (Washington, D.C.: Apr. 30, 2010).

² The Post-Katrina Act was enacted as Title VI of the Department of Homeland Security Appropriations Act, 2007, Pub. L. No. 109-295, 120 Stat. 1355 (2006). The provisions of the Post-Katrina Act became effective upon enactment, October 4, 2006, with the exception of certain organizational changes related to FEMA, most of which took effect on March 31, 2007.

³ 6 U.S.C. §§ 744, 749.

Over the last decade, we identified and reported on issues related to DHS's and FEMA's management of four of the largest preparedness grants and the challenges associated with assessing national preparedness capabilities. In April 2002, shortly after the terrorist attacks of September 11, 2001, we identified the need for goals and performance indicators to guide the nation's preparedness efforts and help to objectively assess the results of federal investments.⁴ After DHS began operations in March 2003, and leading up to catastrophic damage caused by Hurricanes Katrina and Rita in August and September 2005, our reports focused on challenges in managing preparedness grant funds to states and urban areas and minimizing the time it takes to distribute grant funds and associated efforts to streamline the process while ensuring appropriate planning and accountability for effective use of the funds.⁵ After the renewed focus on all-hazards preparedness prompted by the 2005 hurricanes, we reported in 2007 and 2008 on the extent to which DHS was using a risk-based approach in its grants distribution methodology for states and urban areas.⁶ Our reports in 2009, 2010, and 2011 analyzed the use of risk assessment in the management of transit and port security grants⁷ and the impact of preparedness grants in

⁴ GAO, *National Preparedness: Integration of Federal, State, Local, and Private Sector Efforts Is Critical to an Effective National Strategy for Homeland Security*, [GAO-02-621T](#) (Washington, D.C.: Apr. 11, 2002).

⁵ GAO, *Emergency Preparedness: Federal Funds for First Responders*, [GAO-04-788T](#) (Washington, D.C.: May 13, 2004); *Homeland Security: Management of First Responder Grant Programs Has Improved, but Challenges Remain*, [GAO-05-121](#) (Washington, D.C.: Feb. 2, 2005); *Homeland Security: Management of First Responder Grant Programs and Efforts to Improve Accountability Continue to Evolve*, [GAO-05-530T](#) (Washington, D.C.: Apr. 12, 2005); and *Homeland Security: DHS's Efforts to Enhance First Responders' All-Hazards Capabilities Continue to Evolve*, [GAO-05-652](#) (Washington, D.C.; July 11, 2005).

⁶ GAO, *Homeland Security Grants: Observations on Process DHS Used to Allocate Funds to Selected Urban Areas*, [GAO-07-381R](#) (Washington, D.C.; Feb 7, 2007); *Homeland Security: DHS Improved its Risk-Based Grant Programs' Allocation and Management Methods, But Measuring Programs' Impact on National Capabilities Remains a Challenge*, [GAO-08-488T](#), (Washington, D.C.; Mar 11, 2008); and *Homeland Security: DHS Risk-Based Grant Methodology Is Reasonable, But Current Version's Measure of Vulnerability is Limited*, [GAO-08-852](#), (Washington, D.C.; Jun 27, 2008).

⁷ GAO, *Transit Security Grant Program: DHS Allocates Grants Based on Risk, but Its Risk Methodology, Management Controls, and Grant Oversight Can Be Strengthened*, [GAO-09-491](#) (Washington, D.C.: July 8, 2009); *Surface Transportation Security: TSA Has Taken Actions to Manage Risk, Improve Coordination, and Measure Performance, but Additional Actions Would Enhance Its Efforts*, [GAO-10-650T](#) (Washington, D.C.: Apr. 21, 2010); *Port Security Grant Program: Risk Model, Grant Management, and Effectiveness Measures Could Be Strengthened*, [GAO-12-47](#) (Washington, D.C.: Nov. 17, 2011).

building national capabilities. During that same period, we reported on FEMA's limited progress in assessing national preparedness.⁸ Our most recent report, which we issued in February 2012 and are releasing today, addresses FEMA's management of four of the largest preparedness grant programs—the State Homeland Security Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program.⁹

My remarks today are based on our work issued in the 10-year period from April 2002 through February 2012 on the efforts of both DHS and, more recently, FEMA, to manage preparedness grants; develop national preparedness capabilities; implement a national framework for assessing preparedness capabilities at the federal, state, and local levels; identify capability gaps; and prioritize future national preparedness investments to fill the most critical gaps. These remarks are also based on selected updates conducted in March 2012 on FEMA's proposal for consolidating its various grant programs.

As requested, my testimony today focuses on the extent to which DHS and FEMA have made progress in managing preparedness grants and measuring national preparedness by assessing capabilities and addressing related challenges. To conduct our work, we analyzed documentation, such as DHS's National Preparedness Goal and Core Capabilities (the latest evolution of the Target Capabilities List),¹⁰ and interviewed relevant DHS, FEMA, state, and local officials. More detailed information on our scope and methodology appears in our published

⁸ GAO, *National Preparedness: FEMA Has Made Progress, but Needs to Complete and Integrate Planning, Exercise, and Assessment Efforts*, [GAO-09-369](#) (Washington, D.C.; Apr. 30, 2009); *Urban Area Security Initiative: FEMA Lacks Measures to Assess How Regional Collaboration Efforts Build Preparedness Capabilities*, [GAO-09-651](#) (Washington, D.C.; Jul 2, 2009); *FEMA Has Made Limited Progress in Efforts to Develop and Implement a System to Assess National Preparedness Capabilities*, [GAO-11-51R](#) (Washington, D.C.: Oct 29, 2010); *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C. Mar. 1, 2011).

⁹ GAO, *Homeland Security: DHS Needs Better Project Information and Coordination among Four Overlapping Grant Programs*, [GAO-12-303](#) (Washington, D.C.: Feb. 28, 2012).

¹⁰ The Target Capabilities List is a list of 37 capabilities that federal, state, and local stakeholders need to possess to respond to natural or manmade disasters; we first reported on DHS's efforts to develop the List in July 2005.

products. In addition, we conducted updates to our work in March 2012 by analyzing FEMA's guidance and policies.

We conducted our work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives

FEMA Has Taken Actions to Address Grant Management Concerns but Needs Better Coordination

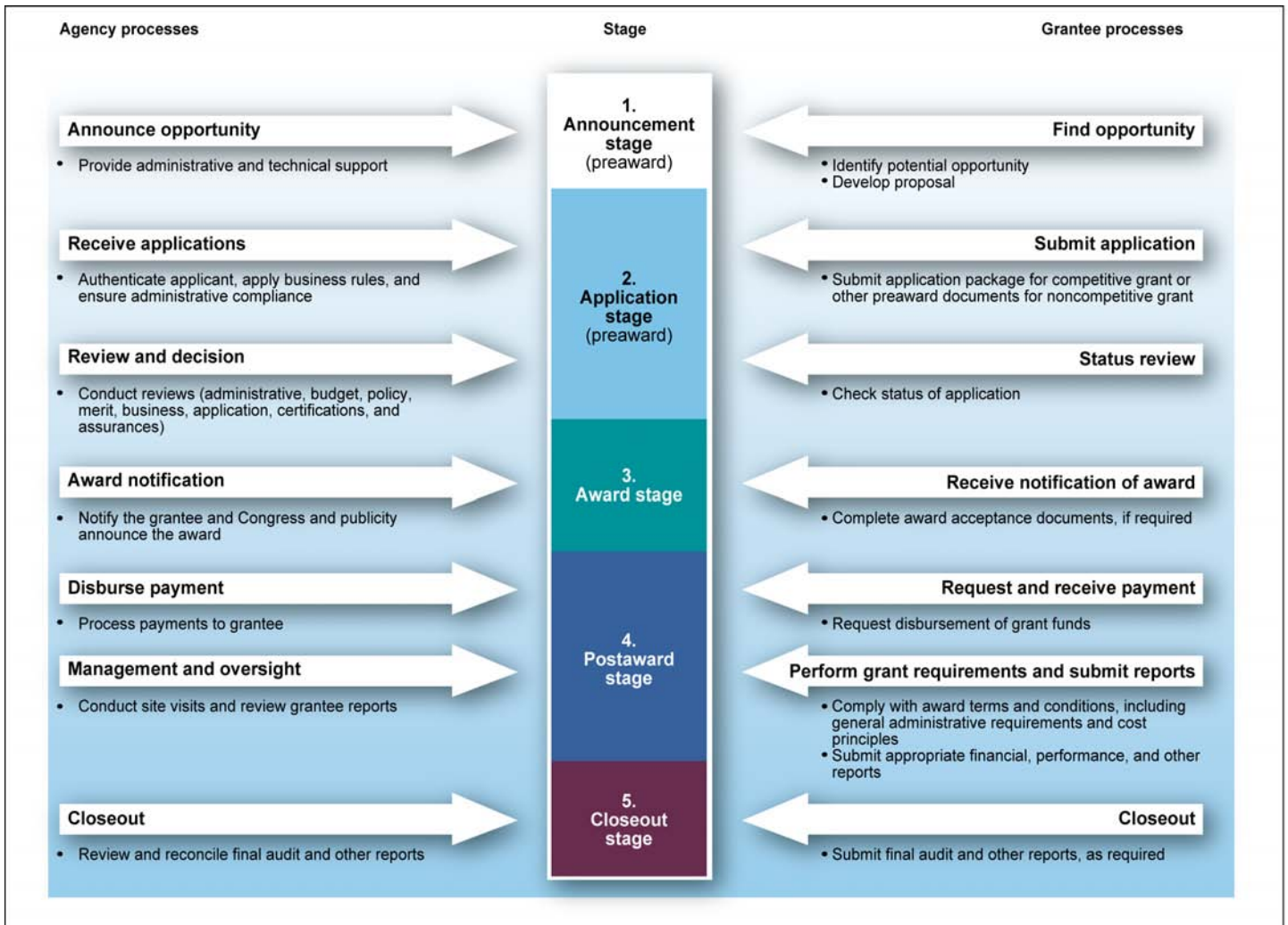
DHS and FEMA have streamlined application and award processes, enhanced the use of risk management principles in its grant programs, and proposed consolidation of its various grant programs to address grant management concerns. In February 2012, we reported that better coordination and improved data collection could help FEMA identify and mitigate potential unnecessary duplication among four overlapping grant programs—the Homeland Security Grant Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program. FEMA has proposed changes to enhance preparedness grant management, but these changes may create new challenges.

FEMA Has Streamlined Application and Award Processes and Enhanced Use of Risk Management Principles

Since its creation in April 2007, FEMA's Grant Programs Directorate (GPD) has been responsible for the program management of DHS's preparedness grants.¹¹ GPD consolidated the grant business operations, systems, training, policy, and oversight of all FEMA grants and the program management of preparedness grants into a single entity. GPD works closely with other DHS entities to manage grants, as needed, through the grant life cycle, shown in figure 1. For example, GPD works with the U.S. Coast Guard for the Port Security Grant Program and the Transportation Security Administration for the Transit Security Grant Program.

¹¹ The Post-Katrina Emergency Management Reform Act transferred most of the Preparedness Directorate to FEMA, effective on March 31, 2007. Pub. L. No. 109-295, 120 Stat. 1355, 1394 (2006).

Figure 1: General Grant Life Cycle



Source: GAO.

Since 2006, DHS has taken a number of actions to improve its risk-based grant allocation methodology.

- Specifically, in March 2008, we reported that DHS had adopted a more sophisticated risk-based grant allocation approach for the Urban Areas Security Initiative to (1) determine both states' and urban areas' potential risk relative to other areas that included empirical analytical methods and policy judgments, and (2) assess and score the

effectiveness of the proposed investments submitted by the eligible applicants and determine the final amount of funds awarded.¹²

- We also reported that DHS's risk model for the Urban Areas Security Initiative could be strengthened by measuring variations in vulnerability.¹³ Specifically, we reported that DHS had held vulnerability constant, which limited the model's overall ability to assess risk and more precisely allocate funds. Accordingly, we recommended that DHS and FEMA formulate a method to measure vulnerability in a way that captures variations in vulnerability, and apply this vulnerability measure in future iterations of this risk-based grant allocation model. DHS concurred with our recommendations and FEMA took actions to enhance its approaches for assessing and incorporating vulnerability into risk assessment methodologies for this program. Specifically, FEMA created a risk assessment that places greater weight on threat and calculates the contribution of vulnerability and consequence separately.¹⁴
- In June 2009, we reported that DHS used a risk analysis model to allocate Transit Security Grant Program funding and awarded grants to higher-risk transit agencies using all three elements of risk—threat, vulnerability, and consequence.¹⁵ Accordingly, we recommended that DHS formulate a method to measure vulnerability in a way that captures variations in vulnerability, and apply this vulnerability measure in future iterations of this risk-based grant allocation model. DHS concurred with our recommendations and FEMA took actions to enhance its approach for assessing and incorporating vulnerability into risk assessment methodologies for this program.
- In November 2011, we reported that DHS had made modifications to enhance the Port Security Grant Program's risk assessment model's vulnerability element for fiscal year 2011.¹⁶ Specifically, DHS modified

¹² [GAO-08-488T](#).

¹³ [GAO-08-852](#).

¹⁴ U.S. Department of Homeland Security, *Fiscal Year 2011 Homeland Security Grant Program Guidance and Application Kit*, (Washington, D.C., May 2011.)

¹⁵ [GAO-09-491](#).

¹⁶ [GAO-12-47](#).

the vulnerability equation to recognize that different ports have different vulnerability levels. We also reported that FEMA had taken actions to streamline the Port Security Grant Program's management efforts. For example, FEMA shortened application time frames by requiring port areas to submit specific project proposals at the time of grant application. According to FEMA officials, this change was intended to expedite the grant distribution process. Further, we reported that to speed the process, DHS took actions to reduce delays in environmental reviews, increased the number of GPD staff working on the Port Security Grants, revised and streamlined grant application forms, and developed time frames for review of project documentation.¹⁷

FEMA Needs Better Coordination and Improved Data Collection to Reduce Risk of Unnecessary Duplication

Despite these continuing efforts to enhance preparedness grant management, we identified multiple factors in our February 2012 report that contributed to the risk of FEMA potentially funding unnecessarily duplicative projects across the four grant programs we reviewed—the Homeland Security Grant Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program.¹⁸ These factors include overlap among grant recipients, goals, and geographic locations, combined with differing levels of information that FEMA had available regarding grant projects and recipients. We also reported that FEMA lacked a process to coordinate application reviews across the four grant programs.

Overlap among grant recipients, goals, and geographic locations exist. The four grant programs we reviewed have similar goals and fund similar activities, such as equipment and training in overlapping jurisdictions, which increases the risk of unnecessary duplication among the programs. For instance, each state and eligible territory receives a legislatively-mandated minimum amount of State Homeland Security Program funding to help ensure that geographic areas develop a basic level of preparedness, while the Urban Areas Security Initiative grants explicitly target urban areas most at risk of terrorist attack. However, many jurisdictions within designated Urban Areas Security Initiative regions also apply for and receive State Homeland Security Program funding. Similarly, port stakeholders in urban areas could receive funding

¹⁷ [GAO-12-47](#).

¹⁸ [GAO-12-303](#).

for equipment such as patrol boats through both the Port Security Grant Program and the Urban Areas Security Initiative, and a transit agency could purchase surveillance equipment with Transit Security Grant Program or Urban Areas Security Initiative funding. While we understand that some overlap may be desirable to provide multiple sources of funding, a lack of visibility over grant award details around these programs increases the risk of unintended and unnecessary duplication.

FEMA made award decisions for all four grant programs with differing levels of information. In February 2012, we reported that FEMA’s ability to track which projects receive funding among the four grant programs varied because the project information FEMA had available to make award decisions—including grant funding amounts, grant recipients, and grant funding purposes—also varied by program due to differences in the grant programs’ administrative processes. For example, FEMA delegated some administrative duties to stakeholders for the State Homeland Security Program and the Urban Areas Security Initiative, thereby reducing its administrative burden. However, this delegation also contributed to FEMA having less visibility over some grant applications. FEMA recognized the trade-off between decreased visibility over grant funding in exchange for its reduced administrative burden.

Differences in information requirements also affected the level of information that FEMA had available for making grant award decisions. For example, for the State Homeland Security Program and Urban Areas Security Initiative, states and eligible urban areas submit investment justifications for each program with up to 15 distinct investment descriptions that describe general proposals in wide-ranging areas such as “critical infrastructure protection.”¹⁹ Each investment justification encompasses multiple specific projects to different jurisdictions or entities, but project-level information, such as a detailed listing of subrecipients or equipment costs, is not required by FEMA. In contrast, Port Security and Transit Security Grant Program applications require specific information on individual projects such as detailed budget summaries. As a result,

¹⁹ Investment justifications are one component of the State Homeland Security Grant Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program applications for grant funding. They provide narrative information on proposed activities (investments) that are to be accomplished with the grant funds. The investment justifications must demonstrate how proposed investments address gaps and deficiencies in current capabilities, and also demonstrate adherence to program guidance.

FEMA has a much clearer understanding of what is being requested and what is being funded by these programs.

FEMA has studied the potential utilization of more specific project-level data for making grant award decisions, especially for the State Homeland Security Program and Urban Areas Security Initiative.²⁰ However, while our analysis of selected grant projects determined that this additional information was sufficient for identifying potentially unnecessary duplication for nearly all of the projects it reviewed, the information did not always provide FEMA with sufficient detail to identify and prevent the risk of unnecessary duplication. While utilizing more specific project-level data would be a step in the right direction, at the time of our February 2012 report, FEMA had not determined the specifics of future data requirements.

FEMA lacked a process to coordinate application reviews across the four grant programs. In February 2012, we reported that grant applications were reviewed separately by program and were not compared across each other to determine where possible unnecessary duplication may occur. Specifically, FEMA's Homeland Security Grant Program branch administered the Urban Areas Security Initiative and State Homeland Security Program while the Transportation Infrastructure Security branch administered the Port Security Grant Program and Transit Security Grant Program. We and the DHS Inspector General concluded that coordinating the review of grant projects internally would give FEMA more complete information about applications across the four grant programs, which could help FEMA identify and mitigate the risk of unnecessary duplication across grant applications.²¹

In our February 2012 report, we note that one of FEMA's section chiefs said that the primary reasons for the current lack of coordination across

²⁰ In August 2009, FEMA established the Reporting Requirements Working Group to compile a list of select grant reporting activities, collect grant stakeholder feedback, and make recommendations regarding future data collection policies. FEMA utilized the working group's analysis and recommendations in a May 2011 Report to Congress.

²¹ GAO, *More Efficient and Effective Government: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue* [GAO-12-449T](#) (Washington, D.C.; Feb 28, 2012); and Department of Homeland Security Office of Inspector General, *Efficiency of DHS Grant Programs*, OIG-1069 (Washington, D.C.: Mar. 22, 2010).

programs are the sheer volume of grant applications that need to be reviewed and FEMA's lack of resources to coordinate the grant review process. She added that FEMA reminds grantees not to duplicate grant projects; however, due to volume and the number of activities associated with grant application reviews, FEMA lacks the capabilities to cross-check for unnecessary duplication. We recognize the challenges associated with reviewing a large volume of grant applications, but to help reduce the risk of funding duplicative projects, FEMA could benefit from exploring opportunities to enhance its coordination of project reviews while also taking into account the large volume of grant applications it must process.

Thus, we recommended that FEMA take actions to identify and mitigate any unnecessary duplication in these programs, such as collecting more complete project information as well as exploring opportunities to enhance FEMA's internal coordination and administration of the programs. In commenting on the report, DHS agreed and identified planned actions to improve visibility and coordination across programs and projects. We also suggested that Congress consider requiring DHS to report on the results of its efforts to identify and prevent duplication within and across the four grant programs, and consider these results when making future funding decisions for these programs.

FEMA Has Proposed Changes to Enhance Preparedness Grant Management, but these Changes May Create Challenges

In the President's Fiscal Year 2013 budget request to Congress, FEMA has proposed consolidating its various preparedness grant programs—with the exception of the Emergency Management Performance Grants and Assistance to Fire Fighters Grants—into a single, comprehensive preparedness grant program called the National Preparedness Grant Program (NPGP) in fiscal year 2013. FEMA also plans to enhance its preparedness grants management through a variety of proposed initiatives to implement the new consolidated program.

According to FEMA, the new NPGP will require grantees to develop and sustain core capabilities outlined in the National Preparedness Goal rather than work to meet mandates within individual, and often disconnected, grant programs.²² NPGP is intended to focus on creating a robust national response capacity based on cross-jurisdictional and

²² U.S. Department of Homeland Security, *National Preparedness Goal*, (Washington, D.C., Sept. 2011.)

readily deployable state and local assets. According to FEMA's policy announcement, consolidating the preparedness grant programs will support the recommendations of the Redundancy Elimination and Enhanced Performance for Preparedness Grants Act, and will streamline the grant application process. This will, in turn, enable grantees to focus on how federal funds can add value to their jurisdiction's unique preparedness needs while contributing to national response capabilities. To further increase the efficiency of the new grant program, FEMA plans to issue multi-year guidelines, enabling the agency to focus its efforts on measuring progress towards building and sustaining national capabilities. The intent of this consolidation is to eliminate administration redundancies and ensure that all preparedness grants are contributing to the National Preparedness Goal. For fiscal year 2013, FEMA believes that the reorganization of preparedness grants will allow for a more targeted grants approach where states build upon the capabilities established with previous grant money and has requested \$1.54 billion for the National Preparedness Grant Program.

FEMA's Fiscal Year 2013 Grants Drawdown Budget in Brief also proposes additional measures to enhance preparedness grant management efforts and expedite prior years' grant expenditures. For example, to support reprioritization of unobligated prior year funds and focus on building core capabilities, FEMA plans to:

- allow grantees to apply prior years' grant balances towards more urgent priorities, promising an expedited project approval by FEMA's Grant Programs Directorate;
- expand allowable expenses under the Port Security Grant Program and Transit Security Grant Program, for example, by allowing maintenance and sustainment expenses for equipment, training, and critical resources that have previously been purchased with either federal grants or any other source of funding to support existing core capabilities tied to the five mission areas contained within the National Preparedness Goal.

The changes FEMA has proposed for its fiscal year 2013 National Preparedness Grants program may create new management challenges. As noted by Chairman Bilirakis in last month's hearing by the House Homeland Security Committee's Subcommittee on Emergency Preparedness, Response, and Communications, allocations under the

new grant program would rely heavily on a state's Threat and Hazard Identification and Risk Assessment (THIRA).²³ However, nearly a year after the THIRA concept was first introduced as part of the fiscal year 2011 grant guidance, grantees have yet to receive guidance on how to conduct the THIRA process. As we reported in February 2012, questions also remain as to how local stakeholders would be involved in the THIRA process at the state level. In March 2012, FEMA's GPD announced that FEMA has established a website to solicit input from stakeholders on how best to implement the new program. According to Chairman Bilirakis, it is essential that the local law enforcement, first responders, and emergency managers who are first on the scene of a terrorist attack, natural disaster, or other emergency be involved in the THIRA process. They know the threats to their local areas and the capabilities needed to address them. Finally, according to FEMA's plans, the new National Preparedness Grant Program will require grantees to develop and sustain core capabilities; however, the framework for assessing capabilities and prioritizing national preparedness grant investments is still not complete. As we noted in our February 2012 report, FEMA'S efforts to measure the collective effectiveness of its grants programs are recent and ongoing and thus it is too soon to evaluate the extent to which these initiatives will provide FEMA with the information it needs to determine whether these grant programs are effectively improving the nation's security.²⁴

²³ Threat and Hazard Identification and Risk Assessments (THIRA) are intended to be tools that allow organizations at all levels of government to identify, assess, and prioritize their natural and man-made risks to facilitate the identification of capability and resource gaps, and allow organizations to track their year-to-year progress to address those gaps.

²⁴ [GAO-12-303](#)

FEMA Has Not Yet Completed National Preparedness Assessment Efforts to Address Longstanding Concerns

DHS and FEMA have had difficulty in implementing longstanding plans to develop and implement a system for assessing national preparedness capabilities. For example, DHS first developed plans in 2004 to measure preparedness by assessing capabilities,²⁵ but these efforts have been repeatedly delayed and are not yet complete. FEMA's proposed revisions to the new NPGP may help the agency overcome these continuing challenges to developing and implementing a national preparedness assessment.

DHS and FEMA's Longstanding Plans to Develop and Implement a National Assessment of Preparedness Have Not Been Fulfilled

Since 2004, DHS and FEMA have initiated a variety of efforts to develop a system of measuring preparedness. From 2005 until September 2011, much of FEMA's efforts focused on developing and operationalizing a list of target capabilities that would define desired capabilities and could be used in a tiered framework to measure their attainment. In July 2005, we reported that DHS had established a draft Target Capabilities List that provides guidance on the specific capabilities and levels of capability at various levels of government that FEMA would expect federal, state, local, and tribal first responders to develop and maintain.²⁶ DHS planned to organize classes of jurisdictions that share similar characteristics—such as total population, population density, and critical infrastructure—into tiers to account for reasonable differences in capability levels among groups of jurisdictions and to appropriately apportion responsibility for development and maintenance of capabilities among levels of government and across these jurisdictional tiers. According to DHS's Assessment and Reporting Implementation Plan, DHS intended to implement a capability assessment and reporting system based on target capabilities that would allow first responders to assess their preparedness by identifying gaps, excesses, or deficiencies in their existing capabilities or capabilities they will be expected to access through mutual aid. In addition, this information could be used to (1) measure the readiness of federal civil response assets, (2) measure the use of federal assistance at the state and local levels, and (3) assess how federal assistance programs are supporting national preparedness.

²⁵ GAO, *Homeland Security: Management of First Responder Grants in the National Capital Region Reflects the Need for Coordinated Planning and Performance Goals*, [GAO-04-433](#) (Washington, D.C.: May 28, 2004).

²⁶ An example of a desired outcome for the target capability of mass prophylaxis—prevention of or protective treatment for disease—was to effectively reach an entire affected population in time to prevent loss of life and injury. [GAO-05-852](#).

DHS's efforts to implement these plans were interrupted by the 2005 hurricane season. In August 2005, Hurricane Katrina—the worst natural disaster in our nation's history—made final landfall in coastal Louisiana and Mississippi, and its destructive force extended to the western Alabama coast. Hurricane Katrina and the following Hurricanes Rita and Wilma—also among the most powerful hurricanes in the nation's history—graphically illustrated the limitations at that time of the nation's readiness and ability to respond effectively to a catastrophic disaster; that is, a disaster whose effects almost immediately overwhelm the response capabilities of affected state and local first responders and require outside action and support from the federal government and other entities. In June 2006, DHS concluded that target capabilities and associated performance measures should serve as the common reference system for preparedness planning.

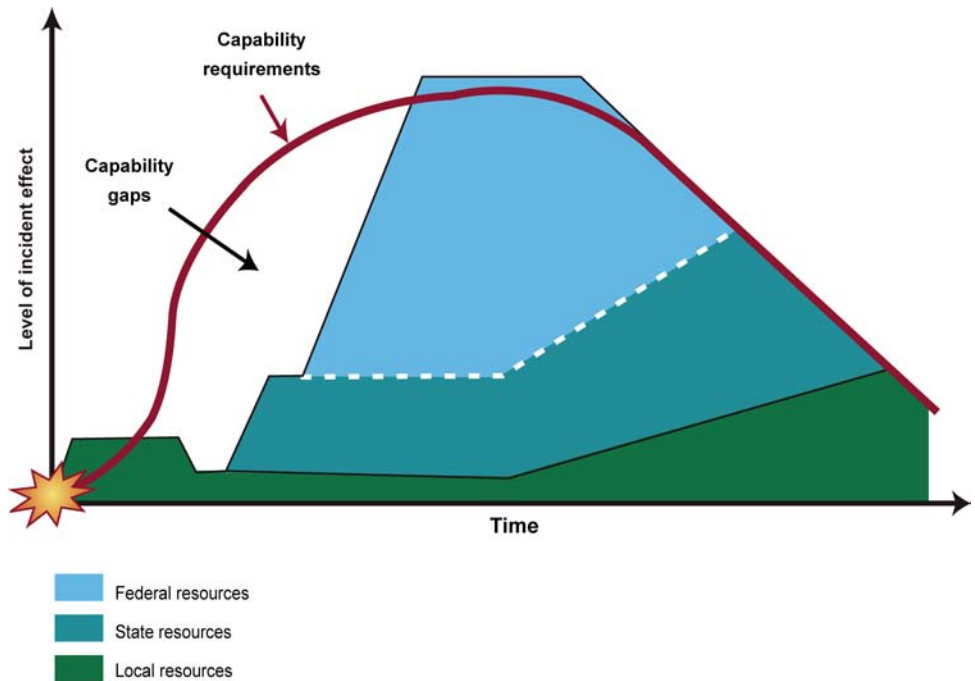
In September 2006, we reported that numerous reports and our work suggested that the substantial resources and capabilities marshaled by federal, state, and local governments and nongovernmental organizations were insufficient to meet the immediate challenges posed by the unprecedented degree of damage and the resulting number of hurricane victims caused by Hurricanes Katrina and Rita.²⁷ We also reported that developing the capabilities needed for catastrophic disasters should be part of an overall national preparedness effort that is designed to integrate and define what needs to be done, where it needs to be done, how it should be done, how well it should be done, and based on what standards.²⁸

FEMA's National Preparedness Directorate within its Protection and National Preparedness organization was established in April 2007 and is responsible for developing and implementing a system for measuring and assessing national preparedness capabilities. Figure 2 provides an illustration of how federal, state, and local resources provide capabilities for different levels of "incident effect" (i.e., the extent of damage caused by a natural or manmade disaster).

²⁷ GAO, *Catastrophic Disasters: Enhanced Leadership, Capabilities, and Accountability Controls Will Improve the Effectiveness of the Nation's Preparedness, Response, and Recovery System*, [GAO-06-618](#) (Washington, D.C., Sept. 6, 2006.)

²⁸ [GAO-06-618](#).

Figure 2: Conceptual Illustration for Assessing Capability Requirements and Identifying Capability Gaps for National Preparedness:



Source: GAO.

In October 2006, Congress passed the Post-Katrina Act that required FEMA, in developing guidelines to define target capabilities, to ensure that such guidelines are specific, flexible, and measurable.²⁹ In addition, the Post-Katrina Act calls for FEMA to ensure that each component of the national preparedness system, which includes the target capabilities, is developed, revised, and updated with clear and quantifiable performance metrics, measures, and outcomes.³⁰ We recommended in September 2006, among other things, that DHS apply an all-hazards, risk management approach in deciding whether and how to invest in specific capabilities for a catastrophic disaster.³¹ DHS concurred with this

²⁹ 6 U.S.C. § 746.

³⁰ 6 U.S.C. § 749(b).

³¹ [GAO-06-618](#).

recommendation and FEMA said it planned to use the Target Capabilities List to assess capabilities to address all hazards.

In September 2007, FEMA issued an updated version of the Target Capabilities List to provide a common perspective in conducting assessments that determine levels of readiness to perform critical tasks and identify and address any gaps or deficiencies. According to FEMA, policymakers need regular reports on the status of capabilities for which they have responsibility to help them make better resource and investment decisions and to establish priorities.

In April 2009, we reported that establishing quantifiable metrics for target capabilities was a prerequisite to developing assessment data that can be compared across all levels of government.³² At the time of our review, FEMA was in the process of refining the target capabilities to make them more measurable and to provide state and local jurisdictions with additional guidance on the levels of capability they need. Specifically, FEMA planned to develop quantifiable metrics—or performance objectives—for each of the 37 target capabilities that are to outline specific capability targets that jurisdictions (such as cities) of varying size should strive to meet, recognizing that there is not a “one size fits all” approach to preparedness.

In October 2009, in responding to congressional questions regarding FEMA’s plan and timeline for reviewing and revising the 37 target capabilities, FEMA officials said they planned to conduct extensive coordination through stakeholder workshops in all 10 FEMA regions and with all federal agencies with lead and supporting responsibility for emergency support-function activities associated with each of the 37 target capabilities. The workshops were intended to define the risk factors, critical target outcomes, and resource elements for each capability. The response stated that FEMA planned to create a Task Force comprised of federal, state, local, and tribal stakeholders to examine all aspects of preparedness grants, including benchmarking efforts such as the Target Capabilities List. FEMA officials have described their goals for updating the list to include establishing measurable target outcomes, providing an objective means to justify investments and priorities, and promoting mutual aid and resource sharing.

³² [GAO-09-369](#).

In November 2009, FEMA issued a Target Capabilities List Implementation Guide that described the function of the list as a planning tool and not a set of standards or requirements. Finally, in 2011, FEMA announced that the Target Capabilities List would be replaced by a new set of national Core Capabilities. However, it is not clear how the new approach will help FEMA overcome ongoing challenges to assessing national preparedness capabilities discussed below.

FEMA Has Not Yet Fully Addressed Ongoing Challenges to Assessing National Preparedness Capabilities

FEMA has not yet fully addressed ongoing challenges in developing and implementing a system for assessing national preparedness capabilities. For example, we reported in July 2005 that DHS had identified potential challenges in gathering the information needed to assess capabilities, including determining how to aggregate data from federal, state, local, and tribal governments and others and integrating self-assessment and external assessment approaches.³³ In analyzing FEMA's efforts to assess capabilities, we further reported in April 2009 that FEMA faced methodological challenges with regard to (1) differences in data available, (2) variations in reporting structures across states, and (3) variations in the level of detail within data sources requiring subjective interpretation. As noted above, FEMA was in the process of refining the target capabilities at the time of our review to make them more measurable and to provide state and local jurisdictions with additional guidance on the levels of capability they need. We recommended that FEMA enhance its project management plan to include milestone dates, among other things, a recommendation to which DHS concurred. In October 2010, we reported that FEMA had enhanced its project management plan by providing milestone dates and identifying key assessment points throughout the project to determine whether project changes are necessary.³⁴

Nonetheless, DHS and FEMA have had difficulty overcoming the challenges we reported in July 2005 and April 2009 in establishing a system of metrics to assess national preparedness capabilities.³⁵ As we reported in October 2010, FEMA officials said that, generally, evaluation

³³ [GAO-05-652](#).

³⁴ [GAO-11-51R](#).

³⁵ [GAO-05-652](#) and [GAO-09-369](#).

efforts they used to collect data on national preparedness capabilities were useful for their respective purposes but that the data collected were limited by data reliability and measurement issues related to the lack of standardization in the collection of data.

FEMA officials reported that one of its evaluation efforts, the State Preparedness Report, has enabled FEMA to gather data on the progress, capabilities, and accomplishments of the preparedness program of a state, the District of Columbia, or a territory. However, they also said that these reports included self-reported data that may be subject to interpretation by the reporting organizations in each state and not be readily comparable to other states' data. The officials also stated that they have taken actions to address these limitations by, for example, creating a Web-based survey tool to provide a more standardized way of collecting state preparedness information that will help FEMA officials validate the information by comparing it across states.

We reported in October 2010 that FEMA had an ongoing effort to develop measures for target capabilities that would serve as planning guidance, not requirements, to assist in state and local capability assessments. FEMA officials had not yet determined how they planned to revise the Target Capabilities List and said they were awaiting the completed revision of Homeland Security Presidential Directive 8, which was to address national preparedness. That directive, called Presidential Policy Directive 8 on National Preparedness (PPD-8), was issued on March 30, 2011.

In March 2011, we reported that FEMA's efforts to develop and implement a comprehensive, measurable, national preparedness assessment of capability and gaps were not yet complete and suggested that Congress consider limiting preparedness grant funding until FEMA completes a national preparedness assessment of capability gaps at each level based on tiered, capability-specific performance objectives to enable prioritization of grant funding.³⁶ In April 2011, Congress passed the fiscal year 2011 appropriations act for DHS, which reduced funding for FEMA preparedness grants by \$875 million from the amount requested in the President's fiscal year 2011 budget.³⁷ The consolidated

³⁶ [GAO-11-318SP](#).

³⁷ Pub. L. No. 112-10, § 1632, 125 Stat. 38, 143 (2011).

appropriations act for fiscal year 2012 appropriated \$1.7 billion for FEMA Preparedness grants, \$1.28 billion less than requested.³⁸ The House committee report accompanying the DHS appropriations bill for fiscal year 2012 stated that FEMA could not demonstrate how the use of the grants had enhanced disaster preparedness.³⁹

According to FEMA's testimony in a hearing on the President's Fiscal Year 2013 budget request before the House Committee on Homeland Security's Subcommittee on Emergency Preparedness, Response, and Communications, FEMA became the federal lead for the implementation of PPD-8 in 2011. The new presidential policy directive calls for the development of both a National Preparedness Goal and a National Preparedness System (both of which were required by the Post-Katrina Act in 2006). FEMA issued the National Preparedness Goal in September 2011, which establishes core capabilities for prevention, protection, response, recovery, and mitigation that are to serve as the basis for preparedness activities within FEMA, throughout the federal government, and at the state and local levels. These new core capabilities are the latest evolution of the Target Capabilities List. According to FEMA officials, they plan to continue to organize the implementation of the National Preparedness System and will be working with partners across the emergency management community to integrate activities into a comprehensive campaign to build and sustain preparedness. According to FEMA, many of the programs and processes that support the components of the National Preparedness System exist and are currently in use, while others will need to be updated or developed.

For example, FEMA has not yet developed national preparedness capability requirements based on established metrics for the core capabilities to provide a framework for national preparedness assessments. As I testified last year, until such a framework is in place, FEMA will not have a basis to operationalize and implement its conceptual approach for assessing federal, state, and local preparedness

³⁸ Pub. L. No. 112-74, 125 Stat. 786, 960 (2011). This total includes all grant programs in the state and local programs account and the Emergency Management Performance Grant program but does not include funding appropriated for firefighter assistance grant programs.

³⁹ H.R. Rep. No. 112-91, at 106-08 (2011).

capabilities against capability requirements to identify capability gaps for prioritizing investments in national preparedness.

Chairman Bilirakis, Ranking Member Richardson, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

Contacts and Staff Acknowledgments

For further information about this statement, please contact William O. Jenkins Jr., Director, Homeland Security and Justice Issues, at (202) 512-8777 or jenkinswo@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. In addition to the contact named above, the following individuals from GAO's Homeland Security and Justice Team also made major contributions to this testimony: Chris Keisling, Assistant Director; Allyson Goldstein, Dan Klabunde, Tracey King, and Lara Miklozek.

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