

Homeland Security Grant Program

Preparedness Directorate
Office of Grants and Training
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Allocation Methodology

Maximizing the Impact of Homeland Security Funding

In Fiscal Year 2006 (FY06), the U.S. Department of Homeland Security (DHS) introduced a new allocation methodology for evaluating applications under the Homeland Security Grant Program (HSGP). The new methodology represents DHS' most comprehensive approach to date for prioritizing homeland security resources. For the first time, DHS is able to align HSGP resources with the National Priorities and target capabilities established by the Interim National Preparedness Goal.

In Fiscal Year 2006, DHS' Homeland Security Grant Program (HSGP) will award approximately \$1.7 billion to States, Territories, and Urban Areas to enhance their ability to prevent, protect against, respond to, and recover from terrorist attacks, major disasters, and other emergencies.

The methodology bases HSGP allocations primarily on two factors:

1. an analysis of relative **risk** to assets as well as risk to populations and geographic areas
2. the anticipated **effectiveness** of State and Urban Area grant proposals in addressing their identified homeland security needs.

These factors are used to determine allocation amounts for the State Homeland Security Program (SHSP), the Urban Areas Security Initiative (UASI), and the Law Enforcement Terrorism Prevention Program (LETPP) under HSGP. In addition, a base award is allocated under SHSP and LETPP according to the USA PATRIOT Act formula. Risk and effectiveness also are used to allocate all UASI funding.

More Comprehensive Risk Analysis Used in FY06

The DHS FY06 risk methodology represents a major step forward in the analysis of the risk of terrorism, based on the most comprehensive analysis to date of the relative risk faced by our Nation's communities. DHS defines risk by three principal variables: **threat**, or the likelihood

Asset-Based Risk
+ Geographic-Based Risk
Total Risk for State/Urban Area

of a type of attack that might be attempted, **vulnerability**, or the likelihood that an attacker would succeed with a particular attack type, and **consequence**, or the potential impact of a particular attack.

The FY06 risk model included two distinct risk calculations: risk to assets and risk to populations and geographic areas. DHS combined these complementary risk calculations to produce an estimate of the relative risk of terrorism faced by a given area.

Peer Reviewers Determined Anticipated Effectiveness Scores

States and Urban Areas used the Investment Justification to formally request FY06 HSGP funding for SHSP, LETPP, and UASI. In FY06, more than 100 peer reviewers read the Investment Justifications and worked independently to determine a preliminary effectiveness score before convening in panels to discuss the findings of their review, develop final scores,

and provide comments on each submission. The reviewers evaluated submissions based on specific criteria, including relevance, regionalization, sustainability, implementation approach, and impact. Each submission was reviewed and scored in two different ways, resulting in an average score for the Individual Investments and an overall score for the submission. DHS combined the average score of the individual Investments with the overall submission score, as determined by the peer review panel, to determine the final effectiveness score.

This approach to evaluating anticipated effectiveness seeks to recognize applicants for proposing relevant, innovative, and reasonable investments that will directly impact our Nation’s preparedness.

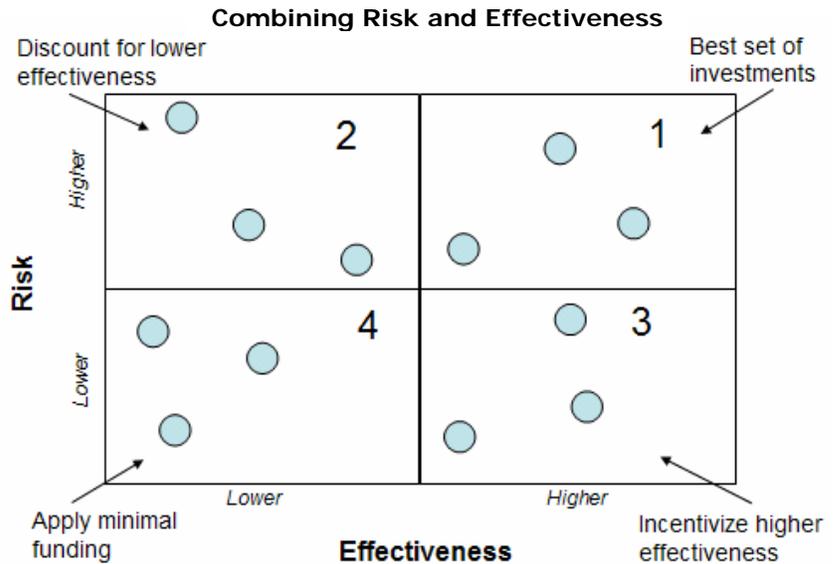
$$\frac{\text{Average Individual Investment Score} + \text{Overall Investment Justification Score}}{\text{Effectiveness Score for State/Urban Area}}$$

Integrating Risk and Effectiveness Scores to Maximize Impact on Preparedness

In order to allocate funding based upon the relative risk and anticipated effectiveness scores, DHS plotted each applicant on a two-by-two matrix. Based on the combination of their risk and effectiveness scores, applicants fell into one of four categories on the matrix:

1. higher risk, higher effectiveness
2. higher risk, lower effectiveness
3. lower risk, higher effectiveness
4. lower-risk, lower effectiveness

In allocating funds to each grouping of candidates, DHS targeted resources towards those areas of our Nation at greatest risk, while still substantively rewarding the significant efforts undertaken by applicants in presenting effective solutions. Each applicant’s final funding allocation was determined using a combination of its risk and effectiveness scores, with a two-thirds weight applied to risk and one-third weight applied to effectiveness. This weighting further reinforces DHS’ commitment to a risk-based approach to national preparedness.



The approximately \$1.7 billion in HSGP funds allocated to States, Territories, and Urban Areas this year is intended to help strengthen capabilities, enhance preparedness planning, and ultimately reduce the impact of major events on lives, property and the economy. The methodology DHS employed to allocate FY06 HSGP funds was purposefully designed to help us reduce our national risk by targeting funding at high risk areas, while at the same time encouraging and recognizing those solutions that will effectively build a preparedness baseline across the Nation.