

# HOMELAND SECURITY GRANTS: MEASURING OUR INVESTMENTS

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## HEARING

BEFORE THE

### SUBCOMMITTEE ON EMERGENCY PREPAREDNESS, RESPONSE, AND COMMUNICATIONS

OF THE

### COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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## **HOMELAND SECURITY GRANTS: MEASURING OUR INVESTMENTS**

**Tuesday, March 19, 2013**

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON EMERGENCY PREPAREDNESS,  
RESPONSE, AND COMMUNICATIONS,  
COMMITTEE ON HOMELAND SECURITY,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:04 a.m., in Room 311, Cannon Office Building, Hon. Susan W. Brooks [Chairwoman of the subcommittee] presiding.

Present: Representatives Brooks, Marino, Palazzo, Perry, Payne, Thompson, and Clarke.

Mrs. BROOKS. The Committee on Homeland Security, Subcommittee on Emergency Preparedness, Response, and Communications will come to order. The subcommittee is meeting today to examine the administration of grants at the Department of Homeland Security.

I will now recognize myself for an opening statement.

After holding a number of site visits and briefings over this past month, the subcommittee is convening to hold its first hearing of the 113th Congress on a subject that has had a great impact on the prevention, preparedness, and response capabilities of our State and local partners. That is homeland security grants.

The September 11 terrorist attacks exposed significant gaps in prevention, preparedness, and response capabilities at all levels of government. As a result, a suite of grant programs was created to address these issues and enhance our preparedness as a Nation.

To date, nearly \$40 billion has been distributed to States and localities through these grants. According to the National Preparedness Report, which was released last year by FEMA, progress in building and sustaining capabilities has been made as a result of these grants.

According to this report, Federal preparedness assistance programs have helped build and enhance State, local, Tribal, and territorial capabilities through multi-year investments across mission areas. The report goes on to say that Federal preparedness assistance has clearly contributed to the capability gains achieved since 9/11.

However, as has been noted by the Government Accountability Office and the DHS Inspector General, FEMA has still been unable to develop comprehensive measures and metrics to quantify the impact of these grant investments on grantee capabilities. Although a difficult task, we must always ensure that we are good stewards

of taxpayer dollars and we are able to justify and account for these significant investments.

The 9/11 Act, which became law in 2007, states that in order to ensure that the States and high-risk urban areas are appropriately using grants administered by the Department, the FEMA administrator shall use performance metrics, and ensure that any such State or high-risk area regularly tests its progress against these metrics.

Still, nearly 6 years later, we are still waiting for comprehensive measures with respect to the metrics.

Anecdotally, we know that these grants have made a difference, most definitely. The National Network of Fusion Centers has enhanced intelligence and information sharing. Emergency plans have been better developed, updated, and exercised. Emergency response providers have received important training. Investments in vital communications capabilities have been made.

However, we also know that challenges and capability gaps still remain. But without appropriate measures and metrics, we can't ensure that these grants are going to address critical capabilities in the area with the greatest risk.

We are all aware of the grave fiscal challenges facing all levels of government. We must ensure we are getting a return on our investment and that each and every grant dollar is used appropriately. When it comes to our—however, when it comes to our security, we can't afford to waste a single dollar.

Last Congress, this subcommittee held a number of hearings on homeland security grants—and in fact, I learned almost 1 year ago yesterday—or a year ago tomorrow, as I understand it—and the capabilities that have been attained since 9/11.

We continue this important oversight today. We have many questions about the impacts of these grants and about how these dollars are utilized, how their impact is being measured and how the Department and FEMA are ensuring that the grants are being used in an appropriate manner, according to their intent.

I hope today's hearing will answer several key questions. What progress has been made in FEMA's efforts to measure the impact of the homeland security grants? What steps are being taken to ensure that grant funds are being used in accordance with the grant guidance?

What progress has FEMA made since this subcommittee held a hearing on grants almost exactly a year ago? How will the THIRAs help inform the investment justification and project approval process?

Then based, finally, on the findings of the National Preparedness Report, what are the capabilities most yet in need of investment?

So I am pleased to welcome our distinguished panel of witnesses. I look forward to hearing your perspectives on these important topics.

Now the Chairwoman would recognize the gentleman from New Jersey, Mr. Payne, for any opening statement you might have.

Mr. PAYNE. Good morning. Thank you, Madam Chairwoman Brooks, for convening today's hearing.

I also want to thank our panel of witnesses, and thank them for testifying today.

Madam Chairwoman, before I move forward with my opening statement, I would like to commend FEMA's response, recovery, and relief efforts related to Hurricane Sandy. As a native of New Jersey, I can attest to the severe damage caused to our public and private properties, critical infrastructure, and transportation systems.

The coordinated efforts to foster regional collaboration with our local first responders and neighborhoods and neighboring States is a testament of the whole-community approach.

Thank you.

Today, we will discuss FEMA's efforts to measure the return on investment from homeland security grants provided to States and locals, as well as identify and close preparedness gaps with homeland security resources. Also, we are eager to learn about FEMA's fiscal year 2012 impractical proposal to consolidate 16 homeland security grants under their National Preparedness Grant Program.

FEMA's homeland security grants have enhanced State, territory, local, and Tribal government capabilities to plan, coordinate, and train to prepare and to respond to any natural, terroristic attack or catastrophic situations.

Since 2002, Congress has appropriated \$39 billion for homeland security grants. Congress and FEMA would like to use this hearing to further investigate and understand the returns on investment taxpayers are receiving from the grant program.

We have to determine how homeland security grants have specifically helped our communities become further equipped to handle threats and natural disasters, and how we can sustain our preparedness.

It is for this reason that Congress has directed FEMA to establish performance metrics that would allow States and urban areas to report the capabilities they have built with Federal funding.

Over the years, FEMA has presented plans to gauge the effectiveness of its homeland security grants. However, it is a history of mostly unsuccessful attempts.

The OIG, GAO, and the National Academy for Public Administration released respective findings that FEMA must do the following: Improve its guidance in establishing performance metrics and measurements, establish qualitative and quantitative frameworks to measure grants' performance, and develop and implement a system for assessing natural preparedness capabilities.

In addition to the findings of the OIG, GAO, and the NAPA, staff have learned that critical information about the success of grant programs such as UASI, MMRS, and others have not been properly conveyed to Congress.

It would be unfortunate for wholesale changes and cuts to be made to our grant programs that result in the elimination of capabilities necessary to meet complex challenges of emergencies because FEMA has not clearly presented the efforts of the State and locals.

Mr. Manning, I admire FEMA's attempts to promote and streamline the grant process. But I am confounded to hear from our homeland security stakeholders about the Department's audacity to move forward with the implementation of NPGP despite Congressional opposition.

Last year, the Senate and House rejected this proposal because it lacked the necessary details and stakeholder outreach. Last week, the Senate Appropriations released Consolidated and Further Appropriations Act of 2013, which rejected the NPGP proposal, due to the lack of justification, and includes bill language prohibiting obligations of funds for such programs, or any successive program, unless authorized by Congress.

Congress created discrete programs to direct grant investments to address specific gaps in National and local preparedness capabilities. Measuring preparedness is a difficult task. But I hope this hearing will help us better understand how FEMA can successfully move forward in achieving its goals of ensuring that local communities have the necessary tools, resources, and processes to keep their people safe.

I look forward to hearing FEMA's response to our concerns and its efforts to implement performance measures.

Thank you, Madam Chairwoman. I yield back.

Mrs. BROOKS. Thank you.

The Chairwoman now recognizes the Ranking Member of the full committee, gentleman from Mississippi, Mr. Thompson. Any statement you might have?

Mr. THOMPSON. Thank you very much, Madam Chairwoman. I would like to thank you for holding this hearing, as well as our Ranking Member, Mr. Payne, also. I think this is the maiden voyage for both of you. Congratulations.

From the Urban Area Security Initiative and the State Homeland Security Program to the Port Security Grant Program and the Transit Security Grant Program, the preparedness grant programs administered by the Federal Emergency Management Agency help build critical disaster response capability in every Congressional district.

Over the past 10 years, we have invested around \$39 billion in these and other homeland security grant programs. When we go back to our districts, we hear anecdotal stories about how homeland security grant program funding has supported a tabletop exercise to test a local emergency operation plan or to purchase technology that will help first responders to do their job quicker, better, and safer.

Communities across the country are proud of the preparedness capabilities that they have worked to develop over the past 10 years, a feat made possible by support from Homeland Security Grant Program.

But now these capabilities may be mothballed. Federal, State, and local budgets are stretched more and more every year. Large grant awards that helped State and local governments prepare for manmade and natural disasters are becoming less common, but the threats, disasters posed are not.

With less Federal support available, State and local governments are struggling to maintain the capabilities achieved over the past decade. Our oversight responsibilities include making sure FEMA uses its limited preparedness funding wisely.

For at least 5 years, this committee has been asking FEMA to develop capability objectives and metrics to help State and local governments prioritize grant investments. I am also concerned that

FEMA has not yet implemented the grant management and oversight practices necessary to ensure that the limited grant money available is spent effectively and efficiently.

I am disappointed to read in one after another GAO and I.G. report identifying management failures that have led to duplicative purchases or increased administrative costs. Now more than ever, FEMA must develop and implement the tools necessary to efficiently manage the limited grant funds awarded each year.

We cannot afford for Homeland Security Grant Program dollars to be spent on unnecessary equipment because metrics are not available to determine whether a State or local government has sufficient resources to meet its preparedness needs.

We cannot afford for Homeland Security Grant Program dollars to be spent on duplicate purchase because FEMA has not taken the necessary action to ensure grantees use appropriate inventory practices.

Although I understand that FEMA has made progress in implementing the recommendations of GAO and the DHS I.G. to improve grant management, I was encouraged by the release of the National Preparedness Report last year.

I am interested to learn from Deputy Administrator Manning how FEMA will continue its efforts to manage and measure the effectiveness of grants.

Finally, I would like to make a brief comment on the National Preparedness Grant Program. As you may recall, Deputy Administrator Manning, Members of this committee, as authorized, were surprised to read for the first time a proposal to consolidate 16 targeted grant programs in the fiscal year 2013 budget request last year.

Members of this committee rejected that proposal, expressing concern about the Department's failure to work with authorizers and other stakeholders during the development of the NPGP. Appropriators were similarly apprehensive and have not provided funding in any other fiscal year 2013 spending bills.

I understand that the administration plans to submit the NPGP proposal again in the fiscal year 2014 budget request. Before doing so, I would urge you to provide Members of this committee a detailed briefing explaining how the grant proposals were developed, how the feedback of stakeholders was solicited and incorporated, specific details about the funding structure and how you expect the new grant program will address the flaws in the Homeland Security Grant Program identified by DHS I.G. and GAO.

The Ranking Member has also referenced some Senate activity around this, where they just basically said, don't do it. I think it is important that, as authorizers, you do come and say, here is what we plan to do. So I look forward to hearing from you on that.

I would like to also thank the other witnesses for being here today. I look forward for their testimony.

I yield back, Madam Chairwoman.

Mrs. BROOKS. Thank you.

Other Members of the committee are reminded that opening statements may be submitted for the record. We are pleased to have a very distinguished panel before us today on this important topic.

Mr. Tim Manning is the deputy administrator for protection and national preparedness at the Federal Emergency Management Agency. In this capacity, he oversees the National Preparedness Directorate, the Grants Program Directorate, the National Continuity Programs Directorate and the National Capital Region Coordination Directorate. That is a mouthful.

Mr. Manning brings to FEMA nearly 2 decades of emergency management experience, including service as a firefighter, emergency medical technician, and a rescue mountaineer.

Mr. David Maurer is a director in the U.S. Government Accountability Office's Homeland Security and Justice Team, where he leads GAO's work reviewing DHS and DOJ management issues. His recent work in these areas includes DHS management integration, the Quadrennial Homeland Security Review, Secret Service financial management, DOJ grant management, the Federal prison system, and an assessment of technologies for detecting explosives in the passenger rail environment.

Last, but certainly not least, and who was here last year, as I understand, Ms. Anne Richards is the assistant inspector general for the Office of Audits within the Department of Homeland Security's Office of Inspector General. Prior to joining OIG in 2007, Ms. Richards served in the Department of the Interior, including as the assistant inspector general for audits.

Ms. Richards has also held a number of positions with the U.S. Army Audit Agency.

The witnesses' full written statements will appear in the record. The Chairwoman now recognizes Mr. Manning for 5 minutes for an opening statement.

**STATEMENT OF TIM MANNING, DEPUTY ADMINISTRATOR, PROTECTION AND NATIONAL PREPAREDNESS, FEDERAL EMERGENCY MANAGEMENT AGENCY**

Mr. MANNING. Madam Chairwoman, good morning. Thank you very much.

Ranking Member Payne, Members of the subcommittee, good morning.

I am Tim Manning, FEMA's deputy administrator for protection and national preparedness. On behalf of Secretary Napolitano and Administrator Fugate, thank you for the opportunity to appear this morning.

As you know, FEMA's preparedness grant programs have contributed significantly to the overall security preparedness of the Nation. We are more secure and better prepared to prevent, protect, and mitigate the impacts of all threats than we have been at any other time in our history.

We plan better. We train better. We work together better. We respond and recover better. With each passing year, our planning, preparations, and capabilities continue to mature.

Much of this progress has come from leadership at the State and local levels, fueled by FEMA's grant programs. Over the past 10 years, Congress, through DHS, has provided State, territorial, local, and Tribal governments with more than \$39 billion.

We have built and enhanced capabilities by acquiring needed equipment, training, developing plans, exercising and building rela-

tionships across city, county, and State lines. Although Federal funds represent just a fraction of what has been spent on homeland security across the Nation overall, these funds and the development of capabilities that they have made possible, have fundamentally changed the level of preparedness in the United States.

The first National Preparedness Report, released last year, provided specific accomplishments in the context of the core capabilities identified in the National Preparedness Goal. Among the report's findings, the Nation has made significant progress and has achieved a high degree of maturity in several core capabilities, particularly in the cross-cutting, common capabilities and those that support disaster response.

Planning, operational coordination, interoperable communications, intelligence and information sharing, environmental response, health and safety, search and rescue, and public health and medical services stood out as areas where we are particularly strong. This is due, in large part, to the significant investments we have made in those areas.

The development and maturation of the State and major area fusion centers represents one other example of the impact our grant programs have had in States and communities across the Nation. Fusion centers function as a focal points, information hubs within State and local jurisdictions to provide for the gathering and sharing of critical information and intelligence among Federal, State, and local agencies.

There are currently 78 designated State and major urban area fusion centers across the country.

FEMA preparedness grant programs have also built operational coordination capabilities, specifically helping to establish the National Incident Management System, or NIMS, as the common incident management doctrine for the Nation.

Prior to the introduction of NIMS in 2004, the Nation had no single, official incident management system. By 2011, nearly 10 million homeland security and emergency management professionals, volunteers, and students from across the Nation had successfully completed the FEMA-sponsored independent study courses on NIMS. It is used widely.

One of our most visible success stories involves the search-and-rescue capabilities we have built across the Nation with our homeland security grant dollars. Currently, there are 300 State and local urban area search and rescue teams. Only 55 percent of those teams existed prior to 2001.

At the time of the September 11, 2001 terrorist attacks, many major population centers across the United States lacked advanced search-and-rescue coverage. But today, there are urban search-and-rescue teams—organized urban search-and-rescue teams within a 4-hour drive of 97 percent of the Nation's population.

This National expansion of State and local urban search-and-rescue capabilities is a direct response—or direct result of the Federal funding and training from this program.

In March 2011, President Obama signed Presidential Policy Directive, PPD-8 on National preparedness, directing the development of a National preparedness goal.

Plainly stated, the goal, developed through a collaborative process, including all levels of government, the private sector, the general public, envisions a secure and resilient Nation with the capabilities required across the whole community to prevent, protect, mitigate, respond, and recover from threats and hazards that pose the greatest risk.

This year, FEMA released the methodology for determining risks through the Threat and Hazard Identification and Risk Assessment, or THIRA. The approach allows a jurisdiction to establish its own capability targets based on the threats and hazards that exist with that jurisdiction, and expands on existing State, local, territorial, and Tribal hazard identification and risk assessments by incorporating whole-community approaches from the beginning to the end of the process, and accounting for important community-specific factors.

In conclusion, we have demonstrated the efficacy of our programs through a reasoned analysis of the threats and hazards that exist across the country, and the attendant core capabilities that can be applied to those hazards.

The National Preparedness Goal provides us with a clearly defined target to work towards. We have greatly improved the ability to assess our needs and track spending towards meeting those needs. Consolidating many of our programs will eliminate duplication and bring focus to the overall effort.

Thank you for the opportunity again to discuss these important issues this morning. I look forward to the conversation and addressing any questions the committee may have.

Thank you.

[The prepared statement of Mr. Manning follows:]

PREPARED STATEMENT OF TIMOTHY MANNING

MARCH 19, 2013

Chairwoman Brooks, Ranking Member Payne, and Members of the subcommittee: Good morning. I am Timothy Manning, FEMA's deputy administrator for protection and national preparedness. On behalf of Secretary Napolitano and Administrator Fugate, it is my pleasure to appear before you today to discuss the Department of Homeland Security's (DHS) preparedness grant programs.

As this committee is aware, FEMA's preparedness grant programs have contributed significantly to the overall security and preparedness of the Nation. By providing funds, encouraging State and local collaboration, and encouraging planning, these programs have enhanced the security and preparedness of States, territories, Tribal nations, regions, cities, borders, ports, and transit systems. As a Nation, we are more secure and better prepared to prevent, protect, and mitigate the impact of all threats than we have been at any time in our history. We plan better, we train better, we work together better, and we respond and recover better. And with each passing year, our planning, preparations, and capabilities continue to mature.

Much of this progress has come from leadership at the State and local levels, fueled by the preparedness grant programs. Over the past 10 years, Congress, through the Department of Homeland Security, has provided State, territorial, local, and Tribal governments with more than \$35 billion in funding to enhance the Nation's ability to plan for, protect against, prevent, mitigate, respond to, and recover from natural disasters, terrorist attacks, and other events. We have built and enhanced capabilities by acquiring needed equipment, offering training to personnel, developing plans, exercising and building relationships across city, county, and State lines. Although Federal funds represent just a fraction of what has been spent on homeland security across the Nation overall, these funds and the development of capabilities they have made possible, have changed the culture of preparedness in the United States.

The first National Preparedness Report, released last year, provided specific accomplishments in the context of the core capabilities identified in the National Preparedness Goal. Among the Report's findings, the Nation has made significant progress and has achieved a high degree of maturity in several core capabilities, particularly in cross-cutting, common capabilities and those that support disaster response. Planning, operational coordination, interoperable communications, intelligence and information sharing, environmental response, health and safety, search and rescue, and public health and medical services stood out as areas where we are particularly strong. This is due in large part to the significant investments we have made in those areas. Since 2006, our State, local, Tribal, and other partners have applied for more than \$7.3 billion in preparedness assistance from DHS to support the core capabilities identified in the National Preparedness Goal.

The development and maturation of State and major urban area fusion centers represent just one example of the impact our grant programs have in States and communities across the Nation. Fusion centers function as focal points—information hubs—within State and local jurisdictions to provide for the gathering, receipt, analysis, and sharing of critical information and intelligence among Federal, State, and local agencies. Funding to support fusion centers has been leveraged from several of the Homeland Security Grant Programs, specifically the State Homeland Security Program (SHSP) and the Urban Areas Security Initiative (UASI) Grant Program. As of March 2013, 78 designated State and major urban area fusion centers exist nationally, greatly enhancing the Nation's ability to share critical information among all levels of government and the private sector.

Additional areas of success include improved planning capabilities and operational coordination among response agencies. For example, the Nation has significantly improved the adequacy, feasibility, and completeness of plans for catastrophic events, due in part to significant State and local investments in planning activities through FEMA grant programs. The 2010 Nation-wide Plan Review showed significant increases from 2006 in the number of jurisdictions confident in their plans for catastrophic events. By 2010, more than 75 percent of States and more than 80 percent of urban areas were confident that their overall basic emergency operations plans were well-suited to meet the challenges of a large-scale catastrophic event. Additionally, both States and urban areas show high degrees of confidence in their functional plans appendices and in their hazard-specific plans. Not surprisingly, they were particularly confident in plans for events with which they have some experience, such as flooding or tornadoes. FEMA has included planning as an allowable use of grants since 2003 and has emphasized planning as a priority for preparedness funding since 2006.

FEMA preparedness grant programs also have built operational coordination capabilities, specifically helping to establish the National Incident Management System (NIMS) as the common incident management doctrine for the Nation. Prior to the introduction of NIMS in 2004, the Nation had no single, official incident management system. By 2011, nearly 10 million homeland security and emergency management professionals, volunteers, and students from across the Nation had successfully completed the FEMA-sponsored independent study courses on the National Incident Management System.

One of our most visible success stories involves the search-and-rescue capabilities we have built across the Nation with our homeland security grant dollars. Currently, there are approximately 300 State and/or local urban search-and-rescue (US&R) teams; only 55 percent of these teams existed prior to 2001. At the time of the September 11, 2001 terrorist attacks, many major population centers in the United States lacked search-and-rescue coverage. Today, there are US&R teams within a 4-hour drive of 97 percent of the Nation's population. This National expansion of State and local US&R capabilities is a direct result of Federal funding and training: From fiscal year 2006 through fiscal year 2010, recipients of State and local homeland security grant funds allocated approximately \$158 million in preparedness assistance to build and maintain US&R capabilities. As a result, in the aftermath of the deadly April 2011 outbreak of tornadoes in the United States, Alabama mobilized State and local US&R teams to support response operations in Marion, Jefferson, Franklin, and Tuscaloosa counties. This enhanced local and regional capacity resulted in a faster and more effective response than would previously have been possible. The entire search-and-rescue operation was conducted by State and local assets. Federal resources were never requested, and that is the ultimate marker of success.

## MONITORING OUR PROGRESS

As our preparedness has improved so, too, has our ability to measure preparedness and to understand the role played by the grant programs in these improvements. In the past several years, FEMA has made significant improvements to its internal operations and in its management and oversight of the Homeland Security Grant Program. We also have enhanced our ability to measure the effectiveness of grant dollars on the Nation's overall preparedness.

I would first like to discuss FEMA's grant monitoring programs, which involves both financial and programmatic oversight to ensure accountability and proper management of preparedness grants. Our monitoring regime ensures that:

- Funds are used in accordance with Federal law, regulations, and administrative procedures.
- Funds are utilized to meet the objectives of the grant program as determined by law or grant guidance.
- Waste, fraud, and abuse of grant funding is identified where it may exist and is eliminated.
- Grantees are practicing sound grant management practices and making progress toward program goals.

In fiscal year 2013, FEMA implemented an integrated monitoring plan designed to realize efficiencies and improve information sharing between the financial and programmatic monitoring staff. While financial and programmatic monitoring works hand-in-hand, they entail separate methodologies and processes. Financial monitoring focuses on compliance with statutory, regulatory, and FEMA grant administration requirements. Programmatic monitoring is designed to identify administrative or performance issues that threaten the success of grant objectives, and to target assistance to resolve those issues as early as possible in the grant cycle—before they become crises. Over time, the integrated analysis of financial and programmatic monitoring data will increase our ability to identify common issues and challenges and to proactively target assistance to grantees.

The foundation of the integrated monitoring program is an assessment-based approach to portfolio management that allows FEMA to direct scarce monitoring resources to grantees and programs that may require additional attention or assistance. Under the assessment-based approach, every open grant is reviewed annually using a programmatic baseline assessment as well as a periodic analysis of cash transactions. The programmatic baseline assessment looks at key indicators of risk including: The dollar value of the grant, prior indications of problems, whether the grantee is new or has had a recent change in staff, the grantee's audit history, its record of responsiveness and collaboration, the complexity of the grant and the amount of time since the last assessment site visit.

The cash analysis is completed quarterly or semi-annually, depending on the grant program, and compares grant draw-down information to grant implementation progress reports to track financial progress. These reviews help FEMA determine which grants should receive further attention, either through closer examination of records submitted by the grantee, or through site visits, to review documentation with the grantee.

This approach lays the foundation for future financial assessment-based monitoring that will support FEMA's and DHS's risk management philosophy. As a result of these efforts, over the past 2½ years FEMA has made significant improvements to its grant monitoring activities. In the future, FEMA will require all grant applications to include project-level information. This will provide FEMA with an unprecedented level of information about how grantees are using their grant funds. This will improve FEMA's ability to ensure that grant spending is efficient, targeted, and coordinated and will better enable FEMA to document how grantees are making progress towards filling capability gaps.

## MEASURING PREPAREDNESS: THE NATIONAL PREPAREDNESS SYSTEM

In March 2011, President Obama signed Presidential Policy Directive (PPD) 8 on National Preparedness. In it, the President directed the development of a National Preparedness Goal that identifies the core capabilities necessary for preparedness and a National Preparedness System to guide activities that will enable the Nation to achieve the goal. Plainly stated, the National Preparedness Goal, developed through a collaborative process including all levels of Government, the private sector, and the general public, envisions a secure and resilient Nation with the capabilities required across the whole community to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk.

As a Nation, we cannot understand our progress in achieving the National Preparedness Goal (NPG) without an understanding of our collective preparedness ef-

forts. The National Preparedness System is the instrument the Nation will employ to build, sustain, and deliver those core capabilities in order to achieve the goal of a secure and resilient Nation. The components of the National Preparedness System include: Identifying and assessing risk, estimating the level of capabilities needed to address those risks, building or sustaining the required levels of capability, developing and implementing plans to deliver those capabilities, validating and monitoring progress, and reviewing and updating efforts to promote continuous improvement.

Developing and maintaining an understanding of the variety of risks faced by communities and the Nation, and how this information can be used to build and sustain preparedness, are essential components of the National Preparedness System. Risk varies across the Nation—for example, a municipal risk assessment will reflect a subset of the threats, hazards, and related consequences contained in a State or Federal risk assessment. A risk assessment collects information regarding the threats and hazards, including the projected consequences or impacts.

This year, FEMA released the methodology for determining risks in Comprehensive Preparedness Guide 201: Threat and Hazard Identification and Risk Assessment (THIRA) Guide (CPG-201). The THIRA process is an all-hazards assessment tool developed by FEMA for use by jurisdictions of all sizes. Diverging from past efforts to establish measures and metrics for a capability that would be applied uniformly, this approach allows a jurisdiction to establish its own capability targets based on the risks it faces. It expands on existing local, State, territorial, and Tribal hazard identification and risk assessments and other risk methodologies by broadening the factors considered in the process, incorporating the whole community from the beginning to the end of the process, and by accounting for important community-specific factors. This knowledge allows a jurisdiction to establish informed and defensible capability targets and commit appropriate resources to sustain existing capabilities and to close the gap between current capabilities and the required levels identified during the capability estimation process.

When existing capabilities need to be supplemented to reach a required level, communities might develop strategies that address shortfalls through local, regional, or National mutual aid agreements or they could choose to obtain the necessary resources through the private sector. They also may determine that they need to build a capability themselves, and they may choose to use Federal preparedness grants to do so. Cities, counties, States, territories, and Tribes may require the resources of other levels of government to achieve a capability target, especially for catastrophic incidents. Accordingly, FEMA requires States to participate in the Emergency Management Assistance Compact (EMAC) as a condition for grant funding. EMAC offers assistance during a Governor's declared State of Emergency through a responsive, straight-forward system that allows States to send personnel, equipment, and commodities to help disaster relief efforts in other States.

The results of the THIRA and other National Preparedness System components, such as the capability estimation process, are designed to allow jurisdictions at all levels of government to make informed decisions about how to allocate their resources to build and sustain capabilities. Existing reporting mechanisms, such as the State Preparedness Report (SPR), can then be used to communicate progress toward achieving capability targets and to inform assessments such as the National Preparedness Report. Taken together, the THIRA results and the SPR will identify capability needs. These products will allow the Nation to look holistically across all capabilities and whole community partners to gauge areas of strength and areas for improvement. FEMA reports the results of the capability assessments annually in the National Preparedness Report.

#### EVOLVING THE GRANT PROGRAM: THE NATIONAL PREPAREDNESS GRANT PROGRAM

Federal investments in State, local, and Tribal preparedness capabilities have contributed to the development of a significant National-level capacity to prevent, protect against, respond to, and recover from disasters of all kinds. As we look ahead, to address evolving threats and make the most of limited resources, in the fiscal year 2013 budget administration proposes to reform the grant programs and establish a National Preparedness Grant Program (NPGP) to focus on building and sustaining core capabilities associated with the five mission areas within the NPG that are readily deployable and cross-jurisdictional, helping to elevate Nation-wide preparedness.

The proposed NPGP would consolidate current State and local preparedness grant programs into one overarching program (excluding Emergency Management Performance Grants and fire grants) to enable grantees to build and sustain core capabilities outlined in the NPG collaboratively. As a single, comprehensive grant pro-

gram, the NPGP would eliminate the redundancies and requirements placed on both the Federal Government and the grantees resulting from the current system of multiple individual, and often disconnected, grant programs. By removing stovepipes, encouraging collaboration among disciplines and across levels of government, State and local governments would be able to collectively prioritize their needs and allocate increasingly scarce grant dollars where they would have the greatest impact.

The NPGP would prioritize the development and sustainment of core capabilities as outlined in the National Preparedness Goal. Particular emphasis would be placed on building and sustaining capabilities that address high-consequence events that pose the greatest risk to the security and resilience of the United States and could be utilized to address multiple threats and hazards. The NPGP would use a comprehensive process for assessing regional and National capability gaps through the THIRA process to prioritize and invest in key deployable capabilities.

The NPGP would draw upon and strengthen existing grants processes, procedures, and structures, emphasizing the need for greater collaboration and unity among Federal, State, local, and Tribal partners. This is particularly important as they work together to make smarter investment decisions, develop deployable capabilities, and share resources through Emergency Management Assistance Compacts (EMAC) or other mutual aid/assistance agreements. In many ways, the NPGP structure mirrors the collaboration and decision-making process that occurs during disasters, when various stakeholders and jurisdictions come together to plan, build, and execute capabilities together.

Under the proposed NPGP, grantees would be required to match their proposed investments to core capabilities, incorporate effectiveness measures, and regularly report progress on the acquisition and development of identified capabilities. These measures would enable all levels of government to collectively demonstrate how the proposed investment would build and sustain core capabilities necessary to strengthen the Nation's preparedness.

Thank you for the opportunity to discuss these important issues before the subcommittee. I am happy to respond to any questions you may have.

Mrs. BROOKS. Thank you, Mr. Manning.

The Chairwoman now recognizes Ms. Richards for 5 minutes for an opening statement.

**STATEMENT OF ANNE L. RICHARDS, ASSISTANT INSPECTOR GENERAL FOR AUDITS, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY**

Ms. RICHARDS. Good morning, Chairman Brooks, Ranking Member Payne, Ranking Member Thompson, and Members of the subcommittee. Thank you for inviting me to testify today on the Homeland Security Grant Program.

Homeland security grants are awarded to States, territories, local, and Tribal governments to enhance their ability to prepare for, prevent, respond to, and recover from terrorist attacks, major disasters, and other emergencies. The program, administered by FEMA, includes several grant programs, such as the State Homeland Security Program and the Urban Areas Security Initiative, that funds a range of preparedness activities.

As of today, we have completed audits on 34 States and their urban areas and one territory, to examine how they manage these grants' funds. I am happy to report that States generally comply with applicable laws and regulations in distributing and spending their awards.

However, the States face some challenges related to their homeland security strategies: Obligation of grant funds, reimbursement to sub-grantees for expenditures and monitoring of sub-grantees' performance. Our audits show that the goals and objectives in many State homeland security strategies were too general to effectively measure performance and progress toward improving their capabilities.

In addition, many strategies were outdated and, thus, did not reflect current priorities, risks, needs, and capabilities. Our audits have also shown that States did not always obligate homeland security grants to sub-grantees promptly, which could have led to increases in sub-grantees' administrative costs, hampering completion of projects and delivery of equipment and training, thus putting preparedness and response capabilities at risk.

Some States also did not reimburse sub-grantees for their grant expenditures in a timely manner. Many homeland security grantees did not adequately oversee sub-grantees' performance or measure their progress toward achieving objectives and goals. Without sufficient oversight, States cannot ensure effective and efficient use of funds to enhance capabilities.

We also noted that FEMA did not require States to report progress in achieving milestones as part of the annual application process. This is troubling, as many projects require several years to complete. It is difficult to make wise investment decisions without accurate information about the current status and progress of long-term projects.

FEMA has agreed to add this requirement to the fiscal year 2013 application process.

In some of our audits, we identified sub-grantees that did not fully comply with Federal procurement regulations. For example, in fiscal year 2012, we identified sub-grantees that did not obtain an adequate number of bids or properly justify sole-source procurements. Some States did not conduct required cost analyses.

As a result, States cannot always be assured that sub-grantees are making fully informed decisions on contract awards or selecting the best possible vendors.

In January 2012, we issued a report on the U.S. Virgin Islands' management of homeland security grants from fiscal year 2007 through 2009. Based on our audit work, we questioned nearly \$1.3 million in claimed costs, and were concerned about the territory's ability to support the entire \$3.4 million expended.

For these reasons, we recommended that FEMA consider classifying the territory as a high-risk grantee. FEMA concurred with all 22 of our recommendations.

In February 2013, we issued an audit report providing recommendations on ways FEMA could improve its risk-based monitoring of grantees. Although FEMA's fiscal year 2013 plan included improvements over its fiscal year 2012 practices, its plan did not ensure that all grantees with increased risk would be properly selected for financial monitoring.

In closing, I would like to note FEMA's efforts over the past several years to improve homeland security grants management, and its plans to continue these efforts by updating program guidance and better monitoring grantees.

Since 2007, FEMA has concurred with, taken steps to implement, or implemented almost all of our recommendations to improve the management of homeland security grants. For our part, we are currently conducting 15 audits of homeland security grants. By August 2014, we will have completed audits of all States and territories receiving these grants.

Our overall objective in these audits remain essentially unchanged, to continue recommending actions that will make grant management more effective and efficient, while strengthening the Nation's ability to prepare for, respond to, and recover from natural and man-made disasters.

Ms. Chairman, this concludes my prepared remarks. I welcome any questions that you or the subcommittee Members may have.

[The prepared statement of Ms. Richards follows:]

#### PREPARED STATEMENT OF ANNE L. RICHARDS

Good morning Chairman Brooks, Ranking Member Payne, and Members of the subcommittee: I am Anne Richards, assistant inspector general for audits at the Department of Homeland Security (DHS) Office of Inspector General (OIG). Thank you for inviting me to testify today on the Homeland Security Grant Program (HSGP).

HSGP provides funds to State, territory, local, and Tribal governments to enhance their ability to prepare for, prevent, protect, respond to, and recover from terrorist attacks, major disasters, and other emergencies. Within DHS, the Federal Emergency Management Agency (FEMA) administers HSGP, which is an important part of the administration's larger, coordinated effort to strengthen homeland security preparedness. The program includes several interrelated Federal grant programs that fund a range of preparedness activities, including planning, organization, equipment purchase, training, and exercises, as well as management and administration. Under HSGP, the State Homeland Security Program (SHSP) provides financial assistance to States and U.S. territories for these activities, and the Urban Areas Security Initiative (UASI) provides funding to high-risk urban areas for the same types of activities.

Since 2007, DHS OIG has audited States and urban areas to determine whether they have implemented their HSGP grants efficiently and effectively, achieved program goals, and spent funds according to grant requirements. In fiscal year 2012, we completed audits of 13 States, 1 territory, and 2 urban areas: Arizona, Arkansas, Colorado, Florida, Georgia, Kansas, Louisiana, Michigan, Minnesota, Montana, New Mexico, Ohio, Oklahoma, U.S. Virgin Islands, Utah (urban area only), and Washington (urban area only). In total, as of March 2013, we have completed audits on HSGP grant management in 34 States and 1 territory (U.S. Virgin Islands), some of which included urban areas; we have 15 on-going audits.

Through our audits, we determined that the States complied with applicable laws and regulations in distributing and spending their awards. However, we noted several challenges related to the States' homeland security strategies, obligation of grants, reimbursement to subgrantees for expenditures, monitoring of subgrantees' performance and financial management, procurement, and property management.

#### HOMELAND SECURITY STRATEGIES

Many States' homeland security strategies did not include specific goals and objectives and were outdated. According to DHS guidance, States that receive HSGP grants are to create and use strategies aimed at improving preparedness and response to natural and manmade disasters. The goals and objectives in these strategies should be specific, measurable, achievable, results-oriented, and time-limited. However, the goals and objectives in many strategies were too general for States to use to effectively measure their performance and progress toward improving preparedness and response capabilities. In addition, because some States did not update their strategies, they did not reflect the most current priorities, risks, needs, and capabilities. Using outdated strategies can also hamper decision-making on future expenditures.

In our audits completed in fiscal year 2012, we noted that the homeland security strategies for Arkansas, Florida, Georgia, Kansas, Louisiana, Minnesota, Montana, New Mexico, U.S. Virgin Islands, and Washington did not include some or all of the elements necessary for a successful strategy, such as specific, measurable, achievable, results-oriented, and time-limited goals and objectives.

Minnesota and New Mexico also had outdated strategies. For example, Minnesota's homeland security strategy was last updated January 18, 2008, but referred to a comprehensive risk, capabilities, and needs assessment completed in October 2003. According to the strategy, a needs assessment was to have been updated in 2006, but it had not been. New Mexico developed a *3-Year Domestic Preparedness Strategy* in January 2003 that did not contain current and specific goals, objectives, and performance measurements and was never updated. FEMA requested an up-

date in fiscal year 2005, and New Mexico developed a draft, but it was never approved.

#### OBLIGATION OF GRANT FUNDS

Our audits also showed that States did not always obligate HSGP grants to subgrantees in a timely manner. In many cases, it took months for State grantees to obligate grant funds. By not obligating funds promptly, grantees may have increased subgrantees' administrative costs. They may have also hindered the subgrantees' ability to complete projects and deliver needed equipment and training, which could ultimately put preparedness and response capabilities at risk. In addition, some State grantees did not promptly reimburse subgrantees for their grant expenditures.

In 2012, we found that Arkansas, Florida, and Georgia did not obligate funds to their subgrantees in a timely manner. In Arkansas, there was a lapse of 137 to 1,031 days between required obligation and availability of funds during fiscal years 2008 to 2010. Florida had some instances during fiscal years 2007 and 2008 in which funds were obligated more than 400 days after the award date, and in fiscal year 2009, the State obligated funds from 44 to 101 days late. Georgia did not make funds available for expenditure to subgrantees until as many as 261 days after the required date. Additionally, in fiscal year 2009, Florida did not adequately calculate and award SHSP funds designated for local jurisdictions. Rather than following FEMA program guidance to separately obligate at least 80 percent of SHSP and UASI funds within 45 days of receipt, Florida combined the funds, and from the total, allocated 80 percent to local jurisdictions. This method resulted in less than 80 percent of the SHSP award being obligated to local recipients. The difference equated to approximately \$2.9 million that local jurisdictions could have used to complete critical projects.

During fiscal years 2008 through 2009, New Mexico withheld \$2.5 million in SHSP grant funds from local units of government to provide training and exercises. By withholding a portion of the grant funds, the State obligated less than the required amount to local units.

In fiscal year 2007, 24 subgrantees and 4 State agencies we visited in Ohio did not receive grant awards until an average of 8 months after the State obligated the grant funds. For fiscal year 2008, delays increased to an average of 10 months (between 6 and 30 months); for fiscal year 2009, they increased to an average of 11 months. Four subgrantees did not receive fiscal year 2009 grant awards by May 15, 2011—19 months after Ohio reported to FEMA that these funds were obligated. Eighteen of the 28 grant recipients requested an extension to the grant performance period because they needed more time to complete planned procurements and obtain reimbursements.

Ohio did not always make payments to subgrantees for grant expenditures in a timely manner. A sample of 55 payment requests showed payments were made anywhere from 13 to 89 days after the requests were submitted to the State. As a result, local funds were often not reimbursed in a timely manner and vendors were not always paid timely for goods and services.

#### MONITORING OF SUBGRANTEES' PERFORMANCE AND FINANCIAL AND MANAGEMENT

Many HSGP grantees did not adequately oversee subgrantees' performance or measure their progress toward achieving objectives and goals, nor did they always adequately monitor subgrantees' financial management of grants. Inadequate assessment of subgrantees' performance and progress may have limited the States' ability to assess capabilities and gaps and take corrective actions to improve them. Without performance monitoring, States cannot be certain that they have met program goals and used funds to enhance capabilities, rather than wasting them by not addressing deficiencies. The States also could not ensure that subgrantees' funding requests were aligned with real threats and vulnerabilities. By not adequately overseeing subgrantees' financial management practices, States may not have been fully knowledgeable about the subgrantees' financial status. Further, the States could not ensure that subgrantees were using funds efficiently and effectively and complying with Federal and State regulations in administering grants.

In our fiscal year 2012 audits, we determined that nine States needed to improve their monitoring of grant performance and subgrantees' adherence to Federal and State regulations because they did not have procedures to ensure that subgrantees consistently tracked what they accomplished with grant funds, did not always ensure compliance with Federal laws and regulations, or had limited oversight. Fiscal year 2012 audits also showed that States needed to improve their financial manage-

ment practices, performance and financial reporting, transfer of grant funds, management and administrative costs, or grant expenditure reviews.

Arizona and New Mexico did not have procedures to track grant performance. Arizona did not ensure that subgrantees prepared After-Action Reports and Improvement Plans, which are critical to documenting weaknesses identified by exercises and to track corrective actions. New Mexico did not have a system, process, or qualified personnel to track accomplishments resulting from grant funds. Personnel were not trained on measuring improvement in preparedness, and the State had not hired additional personnel to address this function.

Washington had not implemented an assessment process to measure improvements in preparedness. Each year, the State reassessed its priorities without considering improvement in performance and attainment of objectives in prior years. It had not fully used FEMA's Target Capabilities List to measure improvements and identify gaps.

Arkansas monitored subgrantees through desk reviews of budgets, payments, an inventory database, and After-Action Reports, which did not always ensure subgrantee compliance with Federal laws and requirements. No subgrantee reviews were conducted during fiscal years 2008 through 2010. Consequently, some grant funds were being used for other than the intended purposes.

Colorado's guidance to subgrantees did not provide sufficient grant administration information or program support to ensure compliance with Federal requirements. With the exception of activities such as grant reimbursement requests and modification procedures, Colorado's written guidance did not adequately describe its expectations, methodologies, or functional administration requirements. Also, its guidance did not address requirements to ensure segregation of duties, nor did it suggest methods to accomplish such segregation.

Louisiana did not have adequate oversight to ensure that subgrantees complied with all Federal requirements. Louisiana's monitoring processes were not sufficient to identify subgrantees' non-compliance with Federal financial and equipment-related requirements. Of the 17 subgrantee financial records reviewed, five did not include required information such as records of expenditures, obligations, unobligated balances, and liabilities. In addition, the New Orleans urban area did not have a regional multi-year training and exercise plan, but instead relied on a University of New Orleans consortium to develop a plan. However, the consortium was abolished in 2009 because of budget shortfalls. In December 2010, Texas A&M University selected New Orleans as a pilot site for its Training Needs Assistance Project, which should result in a fully developed multi-year training plan.

Minnesota did not adequately monitor subgrantee activities for fiscal years 2007 through 2009. Its monitoring was limited, and the State did not have subgrantee program performance monitoring policies and procedures until December 31, 2009.

Montana had minimal oversight through periodic contact with subgrantee staff, review of subgrantee grant applications, and processing of reimbursement requests. According to State officials, subgrantee site visits were not made during the grant years reviewed. There were other weaknesses in the State-required subgrantee progress reports that described the activities, difficulties, and use of funding during the period. For example, Montana's fiscal year 2007 interoperability investment justification requested \$3.7 million to meet five milestones; however, the progress reports for this grant did not indicate how well the funds were being spent, nor did the reports discuss the progress toward meeting particular milestones. Therefore, Montana funded activities without knowing the extent that prior funds had on the subgrantee's ability to meet specific program goals.

Oklahoma did not adequately document and analyze performance data related to accomplishing its homeland security strategy goals and objectives. The State did not always collect information on the progress of on-going projects and did not always document progress in a manner that facilitated on-going analysis and review.

In fiscal year 2012, our audits also showed that the States needed to improve their financial management practices, performance and financial reporting, transfer of grant funds, monitoring of management and administrative costs, and grant expenditure reviews.

Montana did not comply with Federal grant financial management requirements. The State had incomplete subgrantee file information for award letters and supporting documentation for reimbursement requests. In addition, the State Administrative Agency did not adequately cooperate with the supporting administrative office responsible for paying subgrantee invoices. Montana had missing grant award letters totaling \$477,000 out of \$3.4 million in awards selected for testing, had difficulty reconciling subgrantee award amounts with expenditures, and did not have supporting documentation for subgrantee reimbursement requests totaling \$938,601.

Because the State Administrative Agency did not manage all its grants to subgrantees, it could not determine the actual status of SHSP grant funding.

In New Mexico, one subgrantee paid funds to a vendor for a data management system upgrade and related equipment before it received the services and equipment. The subgrantee advanced a total of \$99,250, or 63 percent of the total contract price of \$157,620. New Mexico reimbursed the subgrantee for the amount advanced to this vendor; however, as of the date of our audit testing, the upgrades and equipment had not been received. We questioned the \$99,250 that the subgrantee advanced.

Minnesota subgrantees did not submit timely State-required quarterly financial status reports and did not always submit State-required quarterly progress reports. Minnesota relied on subgrantee financial and progress information to generate the State-wide financial status documents and determine the progress being made in using grant funds. Yet, five financial status reports exceeded the quarterly reporting requirement, with one report covering 28 months. In addition, 5 of the 22 subgrantees we visited did not submit progress reports from October 1, 2007, through June 30, 2010. For example, one subgrantee received \$1.69 million of grant funds in fiscal year 2007 and had spent \$1.687 million by June 30, 2010, but in that time it had not submitted any progress reports.

New Mexico did not submit timely and accurate Biannual Strategy Implementation Reports and Financial Status Reports to FEMA. Of the 12 Biannual Strategy Implementation Reports submitted, 11 were submitted 24 to 1,003 days late, and the amounts included in these reports were not accurate. Additionally, 8 of 27 Financial Status Reports were submitted late.

In fiscal years 2009 and 2010, Utah changed the scope of several projects by transferring approximately \$2.3 million in UASI grant funds between projects without prior approval from FEMA. Although the grant guidelines allowed these types of expenditures, FEMA should have ensured that the State Administrative Agency submitted budget change requests for all funding transfers between projects. This would help to ensure that items purchased did not exceed approved amounts and were allowable under the grant guidelines.

Kansas and New Mexico did not identify and validate management and administrative costs in accordance with Federal and State requirements. A Kansas fiscal agent representing six of the seven homeland security regions could not provide supporting documentation for any of the \$197,532 in management and administrative costs submitted to and reimbursed by the State from fiscal year 2008 through October 2011. Kansas decided to reimburse the fiscal agent for the maximum allowable amount of management and administrative costs without requiring support for these costs.

New Mexico allocated \$195,735 as management and administrative costs in fiscal year 2009, which was the 3 percent maximum allowed to the State. However, the State did not provide detailed costs for the \$195,735 and spread the amount among various budget line items without sufficient supporting documentation.

Minnesota did not have written policies and procedures to guide its financial review and did not always have documentation to support reimbursement approvals. As a result, the State could not ensure that grant expenditures were allowable, allocable, authorized, and in accordance with grant requirements. In two instances, approved reimbursement requests did not include invoices: (1) \$392,000 for hand-held digital portable radios, and (2) \$64,000 for a wireless X-ray system. Even though invoices were subsequently obtained from the subgrantees, the State Administrative Agency should not have approved the reimbursements without the appropriate documentation.

#### COMPLIANCE WITH PROCUREMENT REGULATIONS

In some audits that we conducted since 2007, we identified subgrantees that did not fully comply with Federal and State procurement regulations. For example, in our fiscal year 2012 audits, we identified subgrantees that did not comply with Federal regulations because they did not obtain an adequate number of bids, did not properly justify sole-source procurements, or did not conduct a cost analysis as required for a non-competitive procurement. As a result, the States could not always be assured that subgrantees made fully informed decisions on contract awards, and that they had selected the best offerors.

In Arkansas, 14 of 18 subgrantees did not: (1) Obtain an adequate number of qualified quotes or formal bids, (2) conduct a cost analysis, or (3) justify sole-source procurements. Of the 114 reviewed transactions, we questioned more than \$1.2 million in 63 transactions for issues related to rate quotes, cost analysis, sole-source justifications, and formal bidding.

Georgia and some of its subgrantees did not follow Federal regulations for equipment and services procured using grant funds. For example, a subgrantee awarded a noncompetitive contract for \$2.2 million to purchase communications equipment without a sole-source justification. In another example, a contractor awarded a sub-contract for \$450,000 to a local university to update an inventory of food systems within the State, also without a sole-source justification for awarding a noncompetitive subcontract. Although both the contractor and subcontractor were State entities and therefore exempt from Federal competitive bidding requirements, Georgia law requires competitive bidding for this particular procurement.

Ohio did not ensure that subgrantees followed Federal regulations for equipment and services procured with HSGP funds. Although other sources were available, Ohio made 76 noncompetitive procurements of the 85 procurements reviewed. Subgrantees did not prepare cost or price analyses for any of the procurements. Five of the 76 noncompetitive procurements from Ohio were specifically identified as sole-source by the purchasing agent, and local procedures were followed to obtain approval.

Also in Ohio, 55 purchases from suppliers on its State Term Schedules may have met Ohio competition requirements; however, these purchases did not meet Federal procurement standards for fair and open competition for purchases in excess of \$100,000. State Term Schedules are lists prepared and maintained by the Ohio Department of Administrative Services of approved manufacturers with products offered at "best prices" and specific State-required terms. Competition is not part of the process for suppliers to be placed on the State Term Schedules. Federal regulations require that all prequalified lists of persons, firms, or products that are used in acquiring goods and services be current and include enough qualified sources to ensure maximum open and free competition. The items on the State Term website are not necessarily the best value, but rather are a list of suppliers that have qualified their products for the State Term Schedules.

#### PROPERTY MANAGEMENT

During our audits, when conducting our on-site visits, we identified weaknesses in property management. Not all subgrantees were regularly inventorying grant-funded equipment. In addition, subgrantees did not always maintain accurate, complete, and up-to-date property records; did not always include required details in inventory documentation; and did not always properly mark grant-funded equipment as required by DHS. Without adequate property management, States and subgrantees may not be able to make certain that they have the necessary equipment, make well-informed decisions on future equipment needs, and prevent duplicative purchases. Proper inventory practices also help safeguard against loss, damage, and theft. Of the 16 States we audited in fiscal year 2012, six had property management weaknesses, including physical inventories that had not been completed and inaccurate, incomplete, and missing property records. One State did not enforce the requirement for subgrantees to establish and maintain effective control and accountability systems.

One subgrantee in Colorado did not properly mark equipment purchased with grant funds, did not enter some items on the inventory control sheet, and did not follow-up with subrecipients to ensure that they had received equipment. Another subgrantee had difficulty providing an equipment list that correlated to our fiscal years 2007–2009 grant review period. At another location, listed property was assigned to individuals who did not have custody of the property. One subgrantee did not maintain an equipment list.

In Louisiana, 7 of 16 subgrantees' equipment property records did not include pertinent information such as acquisition dates, serial numbers, cost, or location.

Montana subgrantees did not always maintain property management records in accordance with Federal requirements. Property record requirements were not being followed at 14 of 22 subgrantees.

Oklahoma and Utah did not ensure that equipment purchased with grant funds was properly identified as such to help deter theft or unauthorized use. In Oklahoma, 9 of 28 locations had various items such as interoperable equipment, emergency response vehicles, and surveillance cameras not labeled as purchased with grant funds. In Utah, none of the items reviewed was marked.

Minnesota did not enforce the requirement that subgrantees establish and maintain effective control and accountability systems to: (1) Safeguard property procured with HSGP grant funds, or (2) provide assurances that the property was used solely for authorized purposes.

## U.S. VIRGIN ISLANDS AS A HIGH-RISK GRANTEE

In January 2012, we issued *The U.S. Virgin Islands Management of State Homeland Security Program Grants Awarded During Fiscal Years 2007 Through 2009*. This audit, conducted by Foxx & Company, included a review of approximately \$4.6 million in SHSP grants awarded to the U.S. Virgin Islands during fiscal years 2007 through 2009. We determined that the U.S. Virgin Islands did not efficiently and effectively administer its grant program according to guidance and regulations. We identified eight areas for improvement: Strategic goals and objectives, sole-source procurement and management of contract deliverables, financial management documentation, property management controls and accountability, use of purchased equipment, procurement of training, personnel time charges, and filing of financial reports. As a result of these issues, we questioned nearly \$1.3 million in claimed costs for specific items. Furthermore, we considered the entire \$3.4 million in funding granted to the U.S. Virgin Islands in fiscal years 2007 through 2009 as potential questioned costs until the territory could provide adequate support for the funds. Because of the numerous problems we noted in our audit, we determined that FEMA should consider classifying the U.S. Virgin Islands as a high-risk grantee. FEMA concurred with our 22 recommendations for improvements which, if implemented, would help strengthen program management, performance, and oversight.

## FEMA MONITORING OF HSGP GRANTEES

As a result of our audits, we have recommended that FEMA work with the States to improve HSGP management. FEMA concurred with almost all of our recommendations and has either coordinated with the State Administrative Agencies to implement them or taken steps to implement them. Although we audited the States' management of HSGP awards rather than FEMA's program management, we noted that FEMA could strengthen HSGP by issuing better guidance to the States on strategic planning, which would in turn improve the States' performance measurement and progress toward achieving their goals and objectives. For example, in our February 2013 report, *Kentucky's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded Fiscal Years 2008–2010*, we recommended that FEMA issue guidance to HSGP grantees to periodically update strategic plans and include goals that align with current National Preparedness Guidelines. According to officials in FEMA's Grant Programs Directorate, the National Preparedness Directorate was expected to issue updated guidance in the summer of 2013.

In the past, FEMA has had challenges monitoring its grant programs. Specifically, the component's financial and programmatic monitoring plans did not ensure that it could properly monitor all grantees with increased risk. However, FEMA has taken steps to improve its grant monitoring process by issuing a comprehensive and integrated risk-based monitoring plan.<sup>1</sup> As we noted in our February 2013 report, *FEMA's Use of Risk-based Monitoring for Grantee Oversight*, FEMA's plans from the prior fiscal year did not specify using risk indicators to select grantees to monitor. Instead, the component relied on legislative mandates, random sampling, and subjective judgment to select grantees. Although the fiscal year 2013 financial and programmatic monitoring plan covers all of FEMA's grants, the component still plans to select random samples of grants for financial monitoring. For HSGP, FEMA plans to pilot joint financial and programmatic monitoring of the maximum number of awards, given resource constraints and monitoring needs. At the end of fiscal year 2013, FEMA will assess the outcome of this effort and consider expansion of joint monitoring of HSGP awards.

In our February 2013 report on monitoring, we made recommendations related to risk-based selection of grantees for financial monitoring and coordination of monitoring plans. FEMA needs to ensure that all grantees with increased risk are properly selected for financial monitoring and will be appropriately monitored. In addition, FEMA should communicate regularly with DHS to ensure consistency in monitoring plans. Without coordination, the component might issue new plans that are inconsistent with the DHS risk model and thus, need to be revised.

## AUDITING PLANS

We are currently conducting 15 HSGP audits, and we plan to complete audits of all States and territories receiving HSGP grants by August 2014. Our overall objective in these audits remains essentially unchanged—to continue recommending actions that will make grants management more efficient and effective, while

<sup>1</sup>*Fiscal Year 2013 FEMA Monitoring Plan*, October 2012.

strengthening the Nation's ability to prepare for and respond to natural and man-made disasters.

Ms. Chairman, this concludes my prepared remarks. I welcome any questions that you or the Members of the subcommittee may have.

Mrs. BROOKS. Thank you, Ms. Richards.

The Chairwoman now recognizes Mr. Maurer for 5 minutes for an opening statement.

**STATEMENT OF DAVID C. MAURER, DIRECTOR, HOMELAND SECURITY AND JUSTICE ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. MAURER. Good morning, Chairman Brooks, Ranking Member Payne, Ranking Member Thompson, and other Members and staff. I am pleased to be here today to discuss FEMA's on-going efforts to improve how it manages grant programs and assesses our preparedness for natural and man-made disasters.

Over the past decade, Congress has appropriated \$39 billion for a variety of grant programs designed to help the Nation be better prepared for terrorist attacks and disasters. GAO has been there providing objective, nonpartisan oversight.

What we have found has often been not encouraging. DHS, and more specifically FEMA, has struggled to effectively manage and measure grant programs. It is difficult to say what we have really gotten for our \$39 billion investment because FEMA has been unable to measure how grant funding has enhanced our National ability to be prepared.

Our work has found that FEMA lacks measures to assess how well its individual grant programs are working, and whether collectively these programs have helped enhance National preparedness.

It comes down to knowing how prepared we are and how prepared we should be. Since FEMA has been unable to assess how prepared we are and how prepared we should be, it also lacks a clear goal—a clear view, rather—of where we have preparedness gaps. That makes it very difficult to direct grant money to address those gaps.

Now I need to be clear. It is difficult to measure preparedness. FEMA has been working on this for years. It is important to give them credit for what they have been able to accomplish over the course of the last 18 months.

FEMA now has the basic elements in place for assessing National preparedness capabilities. It has articulated a National goal, developed a plan for achieving that goal, issued its first National report on progress, and has enhanced the consideration of risk in funding decisions.

These steps are vital. They make progress toward addressing GAO recommendations. However, FEMA continues to face important challenges. Most significantly, FEMA still lacks clear, objective, and quantifiable measures of how prepared the Nation is, and how prepared we should be.

That means FEMA is not yet in a position to target grant funding toward the most critical capability gaps. FEMA also continues to lack measures to gauge the performance of the programs it has funded. That means the Nation has little way of knowing the ex-

tent to which the billions spent on these programs have been successful.

I would like to briefly mention another significant problem in FEMA's management, the risk of duplication. Last February, we issued a report looking at four of the largest FEMA programs. We found significant overlap among grant recipients, goals, and locations.

A single jurisdiction can apply for funds for the same project from all four programs. FEMA may not know, because it makes award decisions with different levels of information.

For some grant programs, FEMA literally does not know exactly what the grant money will fund. In addition, FEMA lacks internal coordination across its programs to compare notes on what grant recipients are requesting and what FEMA's various internal units have decided to fund.

Since our report, FEMA has taken actions to address our findings. Most significantly, in the fiscal year 2013 budget, FEMA proposed consolidating most of its grant programs into a single program. However, it was not clear from the proposal whether this would, in fact, address our recommendations.

As a practical matter, Congress has not accepted this idea with open arms.

FEMA is also in the process of updating its data systems and enhancing its internal administration of grant programs to reduce the risk of duplication.

In conclusion, there is no doubt FEMA is trying to do things that are very difficult. But they need to do them. The law requires it. The President requires it. Stacks of GAO reports have recommended it.

Billions of taxpayer dollars are being invested in making the Nation better prepared for a terrorist attack and natural disaster. After years of effort, FEMA still does not have a clear and objective, quantifiable way to know what has been accomplished with the money spent to date, what still needs to be done, and the resulting gaps.

This is vital for ensuring that, in the future, increasingly scarce grant funding is focused on closing those gaps.

Chairman Brooks, thank you for the opportunity to testify this morning. I look forward to your questions.

[The prepared statement of Mr. Maurer follows:]

PREPARED STATEMENT OF DAVID C. MAURER

MARCH 19, 2013

GAO HIGHLIGHTS

Highlights of GAO-13-456T, 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 2012, the Congress appropriated about \$39 billion to a variety of DHS preparedness grant programs to enhance the capabilities of State and local governments to prevent, protect against, respond to, and recover from terrorist attacks and other disasters. DHS allocated more than \$21.3 billion through four of the largest preparedness programs—the Port Security Grant Program, the State Homeland Security Program, the Transit Security Grant Program, and the Urban Areas Security Initiative.

In February 2012, GAO identified factors that contribute to the risk of FEMA potentially funding unnecessarily duplicative projects across the four grant programs. In March 2011, GAO reported that FEMA has faced challenges in developing and implementing a National preparedness assessment, which inhibits its abilities to effectively prioritize preparedness grant funding. This testimony updates GAO's prior work and describes DHS's and FEMA's progress over the past year in: (1) Managing preparedness grants, and (2) measuring National preparedness by assessing capabilities. This statement is based on prior products GAO issued from March 2011 to February 2012 and selected updates in March 2013. To conduct the updates, GAO analyzed agency documents and interviewed FEMA officials.

*What GAO Recommends*

GAO has made recommendations to DHS and FEMA in prior reports. DHS and FEMA concurred with these recommendations and have actions underway to address them.

NATIONAL PREPAREDNESS.—FEMA HAS MADE PROGRESS IN IMPROVING GRANT MANAGEMENT AND ASSESSING CAPABILITIES, BUT CHALLENGES REMAIN

*What GAO Found*

Officials in the Federal Emergency Management Agency (FEMA)—a component of the Department of Homeland Security (DHS)—have identified actions they believe will enhance management of the four preparedness programs GAO analyzed; however, FEMA still faces challenges. In February 2012, GAO found that FEMA lacked a process to coordinate application reviews and made award decisions with differing levels of information. To better identify potential unnecessary duplication, GAO recommended that FEMA collect project-level information and enhance internal coordination and administration of the programs. DHS concurred. The fiscal year 2013 President's budget, proposed the establishment of the National Preparedness Grant Program (NPGP), a consolidation of 16 FEMA grant programs into a single program. However, Members of Congress raised concerns about the NPGP and have not approved the proposal. As a result, FEMA officials reported that the agency was drafting new guidance for the execution of the NPGP based on pending Congressional direction on fiscal year 2013 appropriations. If approved, and depending on its final form and execution, the NPGP could help mitigate the potential for unnecessary duplication and address GAO's recommendation to improve internal coordination. In March 2013, FEMA officials reported that FEMA intends to start collecting and analyzing project-level data from grantees in fiscal year 2014; but has not yet finalized data requirements or fully implemented the data system to collect the information. Collecting appropriate data and implementing project-level enhancements as planned would address GAO's recommendation and better position FEMA to identify potentially unnecessary duplication.

FEMA has made progress addressing GAO's March 2011 recommendation that it develop a National preparedness assessment with clear, objective, and quantifiable capability requirements and performance measures; but continues to face challenges developing a National preparedness system that could assist FEMA in prioritizing preparedness grant funding. For example, in March 2012, FEMA issued the first National Preparedness Report, which describes progress made to build, sustain, and deliver capabilities. FEMA also has efforts underway to assess regional, State, and local preparedness capabilities. In April 2012, FEMA issued guidance on developing Threat and Hazard Identification and Risk Assessments (THIRA) to self-assess regional, State, and local capabilities and required States and local areas receiving homeland security funds to complete a THIRA by December 2012. However, FEMA faces challenges that may reduce the usefulness of these efforts. For example, the National Preparedness Report notes that while many programs exist to build and sustain preparedness capabilities, challenges remain in measuring progress over time. According to the report, in many cases, measures do not yet exist to gauge performance, either quantitatively or qualitatively. Further, while FEMA officials stated that the THIRA process is intended to develop a set of National capability performance requirements and measures, such requirements and measures have not yet been developed. Until FEMA develops clear, objective, and quantifiable capability requirements and performance measures, it is unclear what capability gaps currently exist and what level of Federal resources will be needed to close such gaps. GAO will continue to monitor FEMA's efforts to develop capability requirements and performance measures.

Chairman Brooks, Ranking Member Payne, and Members of the subcommittee: I appreciate the opportunity to participate in today's hearing to provide an update on 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 2012, the Federal Government appropriated about \$39 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, mitigate the effects of, respond to, and recover from terrorist attacks and other disasters.<sup>1</sup> DHS allocated more than half of this total—\$21.3 billion—to grant recipients through four of the largest preparedness programs—the Port Security Grant Program, the State Homeland Security Program, the Transit Security Grant Program, and the Urban Areas Security Initiative.

Congress enacted the Post-Katrina Emergency Management Reform Act of 2006 (Post-Katrina Act) in the aftermath of Hurricane Katrina.<sup>2</sup> In response to the act, among other things, DHS centralized most of its preparedness programs under FEMA's Grant Programs Directorate (GPD) to better integrate and coordinate grant management. The act also requires that FEMA develop a National preparedness system and assess preparedness capabilities to determine the Nation's preparedness capability levels and the resources needed to achieve desired levels of capability.<sup>3</sup>

In March 2012, we testified before this committee and summarized our work from April 2002 through February 2012 on DHS's and FEMA's efforts to manage preparedness grants; develop and assess National preparedness capabilities at the Federal, State, and local levels; identify capability gaps; and prioritize future National preparedness investments to fill the most critical gaps.<sup>4</sup> As requested, my testimony today provides an update on that work, including the extent to which DHS and FEMA have made progress over the past year in: (1) Managing preparedness grants and (2) measuring National preparedness by assessing capabilities and addressing related challenges.

My statement is based on our March 2012 testimony, as well as reports on DHS and FEMA grant management and preparedness that we issued from March 2011 through February 2012. More information about the scope and methodology of our prior work can be found in those reports. To update our work, we analyzed documentation such as DHS's National Preparedness Report, issued in March 2012; interviewed relevant FEMA officials to obtain updates on recent progress in managing preparedness grants and measuring National preparedness; and reviewed our prior reports. 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.

#### BACKGROUND

Over the past decade, the Federal Government has expanded financial assistance to a wide array of public and private stakeholders for preparedness activities through various grant programs administered by DHS through its component agency, FEMA. Through these grant programs, DHS has sought to enhance the capacity of States, localities, and other entities, such as ports or transit agencies, to prevent, respond to, and recover from a natural or man-made disaster, including terrorist incidents. Four of the largest preparedness grant programs are the Port Security Grant Program, the State Homeland Security Program, the Transit Security Grant Program, and the Urban Areas Security Initiative.

- The Port Security Grant Program provides Federal assistance to strengthen the security of the Nation's ports against risks associated with potential terrorist

<sup>1</sup>This total is based on Congressional Research Service data and our 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, DC: Apr. 30, 2010). For the purposes of this testimony, we define capabilities for prevention, protection, mitigation, response, and recovery as preparedness capabilities.

<sup>2</sup>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.

<sup>3</sup>According to the act, the assessment system must assess, among other things, current capability levels as compared with target capability levels (which, for the purposes of this testimony, we refer to as capability requirements), and resource needs to meet capability requirements. 6 U.S.C. §§ 744, 749.

<sup>4</sup>GAO, *Managing Preparedness Grants and Assessing National Capabilities: Continuing Challenges Impede FEMA's Progress*, GAO-12-526T (Washington, DC: Mar. 20, 2012).

attacks by supporting increased port-wide risk management, enhanced domain awareness, training and exercises, and expanded port recovery capabilities.

- The State Homeland Security Program provides funding to support States' implementation of homeland security strategies to address the identified planning, organization, equipment, training, and exercise needs at the State and local levels to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events.
- The Transit Security Grant Program provides funds to owners and operators of transit systems (which include intracity bus, commuter bus, ferries, and all forms of passenger rail) to protect critical surface transportation infrastructure and the traveling public from acts of terrorism and to increase the resilience of transit infrastructure.
- The Urban Areas Security Initiative provides Federal assistance to address the unique needs of high-threat, high-density urban areas, and assists the areas in building an enhanced and sustainable capacity to prevent, protect, respond to, and recover from acts of terrorism.

Since its creation in April 2007, FEMA's GPD has been responsible for managing DHS's preparedness grants.<sup>5</sup> 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.

FEMA HAS TAKEN OR PROPOSED ACTIONS TO ADDRESS POTENTIAL DUPLICATION ISSUES IDENTIFIED BY GAO, BUT CHALLENGES REMAIN

*FEMA Needs Better Coordination and Improved Data Collection to Reduce Risk of Unnecessary Duplication in Four Grant Programs*

In February 2012, we identified multiple factors that contributed to the risk of FEMA potentially funding unnecessarily duplicative projects across four of the largest grant programs<sup>6</sup>—the Port Security Grant Program, the State Homeland Security Program, the Transit Security Grant Program, and the Urban Areas Security Initiative. 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. Specifically, we found that FEMA made award decisions with differing levels of information and lacked a process to coordinate application reviews.<sup>7</sup> To better identify potential unnecessary duplication, we recommended that FEMA: (1) Take steps to ensure that it collects project information at the level of detail needed to better position the agency to identify any potential unnecessary duplication within and across the four grant programs, and (2) explore opportunities to enhance FEMA's internal coordination and administration of the programs. DHS agreed with the recommendations 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 Taken Actions to Enhance Preparedness Grant Management, But Challenges Remain*

Since we issued our February 2012 report, FEMA officials have identified actions they believe will enhance management of the four grant programs we analyzed; however, FEMA still faces challenges to enhancing preparedness grant management. First, the fiscal year 2013 President's budget outlined a plan to consolidate most of FEMA's preparedness grants programs, and FEMA officials expect this action would reduce or eliminate the potential for unnecessary duplication. The fiscal year 2013 President's budget proposed the establishment of the National Preparedness Grant Program (NPGP), a consolidation of 16 grant programs (including the 4 grants we analyzed in our February 2012 report) into a comprehensive single program. According to FEMA officials, the NPGP would eliminate redundancies and requirements placed on both the Federal Government and grantees resulting from the existing system of multiple individual, and often disconnected, grant programs. For example, FEMA officials said that the number of applications a State would need

<sup>5</sup>The Post-Katrina Act transferred most of the Preparedness Directorate to FEMA, effective on March 31, 2007. Pub. L. No. 109-295, 120 Stat. 1355, 1394 (2006).

<sup>6</sup>GAO, *Homeland Security: DHS Needs Better Project Information and Coordination Among Four Overlapping Grant Programs*, GAO-12-303 (Washington, DC: Feb. 28, 2012).

<sup>7</sup>GAO, *More Efficient and Effective Government: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-449T (Washington, DC: Feb. 28, 2012).

to submit and the Federal Government's resources required to administer the applications would both decrease under the consolidated program. However, Members of Congress have expressed concern about the consolidation of the 16 grant programs and Congress has not yet approved the proposal. In October 2012, FEMA officials told us that Members of Congress had asked FEMA to refine the NPGP proposal to address concerns raised by stakeholders, such as how local officials will be involved in a State-administered grant program. As of March 2013, FEMA officials reported that the agency was drafting guidance for the execution of the NPGP based on stakeholder feedback and direction from Congress pending the fiscal year 2013 appropriations bill. If the NPGP is not authorized in fiscal year 2013, FEMA officials stated that the agency plans to resubmit the request for the fiscal year 2014 budgetary cycle. If approved, and depending on its final form and execution, the consolidated NPGP could help reduce redundancies and mitigate the potential for unnecessary duplication, and may address the recommendation in our February 2012 report to enhance FEMA's internal coordination and administration of the programs.

Second, in March 2013, FEMA officials reported that the agency intends to start collecting and analyzing project-level data from grantees in fiscal year 2014; however, FEMA has not yet finalized specific data requirements and has not fully established the vehicle to collect these data—a new data system called the Non-Disaster Grants Management System (ND Grants). As of March 2013, FEMA officials expect to develop system enhancements for ND Grants to collect and use project-level data by the end of fiscal year 2013. FEMA officials stated that FEMA has formed a working group to develop the functional requirements for collecting and using project-level data and plans to obtain input from stakeholders and consider the cost effectiveness of potential data requirements. In alignment with data requirement recommendations from a May 2011 FEMA report, the agency anticipates utilizing the new project-level data in the grant application process starting in fiscal year 2014.<sup>8</sup> Collecting appropriate data and implementing ND Grants with project-level enhancements as planned, and as recommended in our February 2012 report, would better position FEMA to identify potentially unnecessary duplication within and across grant programs.

Third, in December 2012, FEMA officials stated that there are additional efforts underway to improve internal administration of different grant programs. For example, officials stated that a FEMA task force has been evaluating grants management processes and developing a series of recommendations to improve efficiencies, address gaps, and increase collaboration across regional and headquarters counterparts and financial and programmatic counterparts. These activities represent positive steps to improve overall grants management, but they do not include any mechanisms to identify potentially duplicative projects across grant programs administered by different FEMA entities.

FEMA HAS MADE PROGRESS IN ESTABLISHING NATIONAL PREPAREDNESS CAPABILITIES, BUT CHALLENGES REMAIN IN ESTABLISHING PERFORMANCE MEASURES THAT COULD ASSIST IN PRIORITIZING GRANT FUNDING

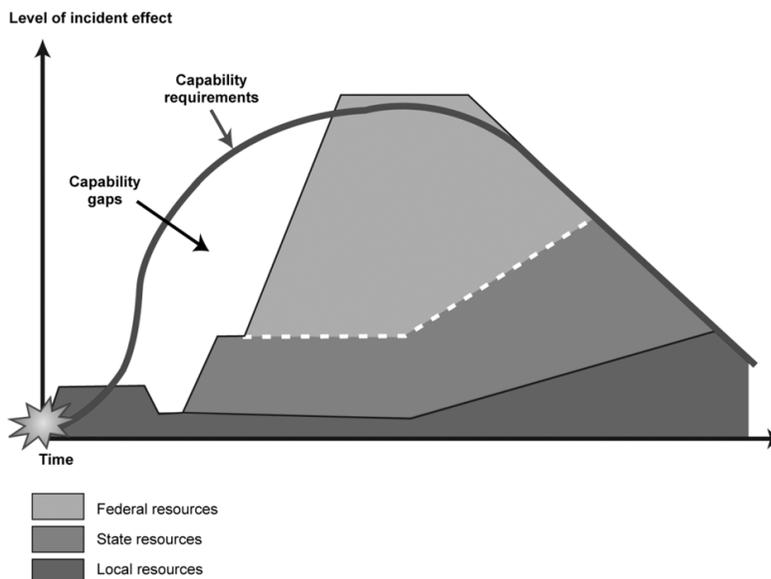
*FEMA Has Faced Challenges Developing a National Assessment of Preparedness*

According to DHS and FEMA strategic documents, National preparedness is the shared responsibility of the “whole community,” which requires the contribution of a broad range of stakeholders, including Federal, State, and local governments, to develop preparedness capabilities to effectively prevent, protect against, mitigate the effects of, respond to, and recover from a major disaster.<sup>9</sup> Figure 1 provides an illustration of how Federal, State, and local resources provide preparedness capabilities for different levels of government and at various levels of incident effect (i.e., the extent of damage caused by a natural or manmade disaster). The greater the level of incident effect, the more likely State and local resources are to be overwhelmed.

<sup>8</sup> FEMA, *Redundancy Elimination and Enhanced Performance for Preparedness Grants Act: Fiscal Year 2011 Report to Congress* (Washington, DC: May 23, 2011).

<sup>9</sup> FEMA, *FEMA Strategic Plan: Fiscal Years 2011–2014* (Washington, DC: February 2011), and DHS, *National Preparedness Goal* (Washington, DC: September 2011).

**Figure 1: Conceptual Illustration for Assessing Capability Requirements and Identifying Capability Gaps for National Preparedness.**



Source: GAO.

We have previously reported on and made recommendations related to DHS's and FEMA's efforts to develop a National assessment of preparedness, which would assist DHS and FEMA in effectively prioritizing investments to develop preparedness capabilities at all levels of government, including through its preparedness grant programs.<sup>10</sup> Such an assessment would:

- identify the critical elements at all levels of government necessary to effectively prevent, protect against, mitigate the effects of, respond to, and recover from a major disaster (i.e., preparedness capabilities), such as the ability to provide lifesaving medical treatment via emergency medical services following a major disaster;
- develop a way to measure those elements (i.e., capability performance measures); and
- assess the difference between the amount of preparedness needed at all levels of government (i.e., capability requirements) and the current level of preparedness (i.e. capability level) to identify gaps (i.e., capability gaps).

The identification of capability gaps is necessary to effectively prioritize preparedness grant funding.

However, we have previously found that DHS and FEMA have faced challenges in developing and implementing such an assessment. Most recently, in March 2011, we reported that FEMA's efforts to develop and implement a comprehensive, measurable, National preparedness assessment were not yet complete. Accordingly, we recommended that FEMA complete a National preparedness assessment and that such an assessment should assess capability gaps at each level of Government based on capability requirements to enable prioritization of grant funding.<sup>11</sup> We also suggested that Congress consider limiting preparedness grant funding until FEMA completes a National preparedness assessment. In April 2011, Congress passed the fiscal year 2011 appropriations act for DHS, which reduced funding for FEMA pre-

<sup>10</sup> GAO, *Homeland Security: DHS's Efforts to Enhance First Responders' All-Hazards Capabilities Continue to Evolve*, GAO-05-652 (Washington, DC: July 11, 2005); and *National Preparedness: FEMA Has Made Progress, but Needs to Complete and Integrate Planning Exercise and Assessment Efforts*, GAO-09-369 (Washington, DC: Apr. 30, 2009).

<sup>11</sup> GAO, *Opportunities to Reduce Potential Duplication in Government Programs Save Tax Dollars and Enhance Revenue*, GAO-11-318SP (Washington, DC: Mar. 1, 2011).

paredness grants by \$875 million from the amount requested in the President's fiscal year 2011 budget.<sup>12</sup> The consolidated appropriations act for fiscal year 2012 appropriated \$1.7 billion for FEMA Preparedness grants, \$1.28 billion less than requested.<sup>13</sup> 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.<sup>14</sup>

*FEMA Has Made Progress in Establishing Preparedness Capabilities*

In March 2011, the White House issued Presidential Policy Directive 8 on National Preparedness (PPD-8), which called for the development of a National preparedness system that includes a comprehensive approach to assess National preparedness. According to PPD-8, the approach should use a consistent methodology to assess National preparedness capabilities—with clear, objective, and quantifiable performance measures.<sup>15</sup> PPD-8 also called for the development of a National preparedness goal, as well as annual preparedness reports (both of which were previously required under the Post-Katrina Act).<sup>16</sup> To address PPD-8 provisions, FEMA issued the National Preparedness Goal in September 2011, which established a list of preparedness capabilities for each of five mission areas (prevention, protection, mitigation, response, and recovery) that are to serve as the basis for preparedness activities within FEMA, throughout the Federal Government, and at the State and local levels.<sup>17</sup> In November 2011, FEMA issued the National Preparedness System, which described an approach and cycle to build, sustain, and deliver the preparedness capabilities described in the National Preparedness Goal. The system contains six components to support decision making, resource allocation, and progress measurement, including identifying and assessing risk and estimating capability requirements.<sup>18</sup> According to the system, measuring progress toward achieving the National Preparedness Goal is intended to provide the means to decide how and where to allocate scarce resources and prioritize preparedness. Finally, in March 2012, FEMA issued the first National Preparedness Report, designed to identify progress made toward building, sustaining, and delivering the preparedness capabilities described in the National Preparedness Goal. According to FEMA officials, the National Preparedness Report also identifies what they consider to be National-level capability gaps.

*Challenges Remain in Establishing Capability Requirements and Performance Measures That Could Assist in Prioritizing Preparedness Grant Funding*

While FEMA issued the first National Preparedness Report, the agency has not yet established clear, objective, and quantifiable capability requirements and performance measures that are needed to identify capability gaps in a National preparedness assessment, as recommended in our March 2011 report. As previously noted, such requirements and measures would help FEMA identify capability gaps at all levels of government, which would assist FEMA in targeting preparedness grant program funding to address the highest-priority capability gaps. According to the National Preparedness Report, FEMA collaborated with Federal interagency partners to identify existing quantitative and qualitative performance and assessment data for each of the preparedness capabilities. In addition, FEMA integrated data from the 2011 State Preparedness Reports, which are State-wide survey-based self-assessments of capability levels and requirements submitted by all 56 U.S. States and territories. Finally, FEMA conducted research to identify independent evaluations, surveys, and other supporting data related to preparedness capabilities.

<sup>12</sup> Pub. L. No. 112-10 § 1632, 125 Stat. 38, 143 (2011).

<sup>13</sup> 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.

<sup>14</sup> H.R. Rep. No. 112-91, at 106-08 (2011).

<sup>15</sup> The Post-Katrina Act required FEMA, in developing guidelines to define preparedness capabilities, to ensure that the guidelines are specific, flexible, and measurable. 6 U.S.C. § 746.

<sup>16</sup> 6 U.S.C. §§ 743, 752. The Post-Katrina Act required FEMA to prepare a Federal preparedness report and a State preparedness report.

<sup>17</sup> The National Preparedness Goal refers to these capabilities as “core capabilities,” which replace what had been previously called target capabilities. The target capabilities were initially developed by DHS in 2005. For example, one of the preparedness capabilities for the response mission area relates to mass search-and-rescue operations, specifically to deliver traditional and atypical search-and-rescue capabilities, including personnel, services, animals, and assets to survivors in need, with the goal of saving the greatest number of endangered lives in the shortest time possible.

<sup>18</sup> The six components are: (1) Identifying and assessing risk, (2) estimating capability requirements, (3) building and sustaining capabilities, (4) planning to deliver capabilities, (5) validating capabilities, and (6) reviewing and updating.

However, limitations associated with some of the data used in the National Preparedness Report may reduce the report's usefulness in assessing National Preparedness. First, in October 2010, we reported that data in the State Preparedness Reports—one of the key data sources for the National Preparedness Report—could be limited because FEMA relies on States to self-report such data, which makes it difficult to ensure data are consistent and accurate.<sup>19</sup> Second, at the time the National Preparedness Report was issued, in March 2012, States were still in the process of updating their efforts to collect, analyze, and report preparedness progress according to the new preparedness capabilities issued along with the National Preparedness Goal in September 2011. As a result, the report states that assessment processes, methodologies, and data will need to evolve for future iterations of the report. Third, the report's final finding notes that while many programs exist to build and sustain preparedness capabilities across all mission areas, challenges remain in measuring progress over time. According to the report, in many cases, measures do not yet exist to gauge performance, either quantitatively or qualitatively. Therefore, while programs may exist that are designed to address a given capability gap, the Nation has little way of knowing whether and to what extent those programs have been successful.

Thus, as of March 2013, FEMA has not yet completed a National preparedness assessment, as we recommended in our March 2011 report, which could assist FEMA in prioritizing grant funding. However, FEMA officials stated that they have efforts under way to assess regional, State, and local capabilities to provide a framework for completing a National preparedness assessment.<sup>20</sup> For example, in April 2012, FEMA issued guidance on developing Threat and Hazard Identification and Risk Assessments (THIRA), which were initially required to be completed by State and local governments receiving homeland security funding by December 31, 2012.<sup>21</sup> Guidance issued for development of the THIRAs describes a process for assessing the various threats and hazards facing a community, the vulnerability of the community, as well as the consequences associated with those threats and hazards. For example, using the THIRA process, a jurisdiction may identify tornadoes as a hazard and assess its vulnerabilities to and the consequences of a tornado striking the jurisdiction, as well as the capabilities necessary for an effective response. Using the THIRA results, a jurisdiction may then develop a strategy to allocate resources effectively to achieve self-determined capability requirements by closing capability gaps.

According to FEMA officials in March 2013, the THIRAs are to be used by State, regional, and Federal entities for future planning efforts. At the State level, FEMA guidance notes that State officials are to use the capability requirements they identified in their respective 2012 THIRAs in their future State Preparedness Reports. FEMA officials stated that they planned to use both the THIRAs and the State Preparedness Reports to identify States' (self-reported) capability gaps based on capability requirements established by the State. At the regional level, each of the 10 FEMA regions is to analyze the local and State THIRAs to develop regional THIRAs.<sup>22</sup> At the National level, the local, State, and regional THIRAs are collectively intended to provide FEMA with data that it can analyze to assist in the identification of National funding priorities for closing capability gaps. The outcome of the THIRA process is intended to be a set of National capability performance requirements and measures, which FEMA officials stated they intend to incorporate into future National Preparedness Reports. As of March 2013, FEMA officials are working to coordinate their review and analysis of the various THIRAs through a THIRA Analysis and Review Team. The team plans to conduct on-going meetings to discuss common themes and findings from the THIRAs and intends to develop

<sup>19</sup> GAO, *FEMA Has Made Limited Progress in Efforts to Develop and Implement a System to Assess National Preparedness Capabilities*, GAO-11-51R (Washington, DC: Oct. 29, 2010).

<sup>20</sup> GAO-11-318SP.

<sup>21</sup> According to FEMA officials, as of March 2013, some State and local urban areas had not yet completed their THIRAs. FEMA granted 6-month extensions to the December 31, 2012 deadline for five States and three local urban areas affected by Hurricane Sandy in late October 2012.

<sup>22</sup> FEMA officials stated that they required the FEMA regions to complete their inaugural THIRAs by September 30, 2012, 3 months before the local and State THIRAs were due. As a result, the first regional THIRAs did not incorporate information from the local and State THIRAs. The officials explained that FEMA directed the regional THIRAs to be completed in 2012 before the local and State THIRAs in order to aid development of preparedness grant guidance for fiscal year 2013, but that future iterations of the regional THIRAs are intended to incorporate information from completed local and State THIRAs.

an initial proposed list of National preparedness grant funding priorities by summer 2013.

Depending on how the THIRA process is implemented and incorporated into future National Preparedness Reports, such an approach could be a positive step toward addressing our March 2011 recommendation to FEMA to develop a National preparedness assessment of existing capabilities levels against capability requirements. Such a National preparedness assessment may help FEMA to: (1) Identify the potential costs for developing and maintaining required capabilities at each level of government, and (2) determine what capabilities Federal agencies should be prepared to provide. While the recently completed THIRAs and 2012 National Preparedness Report are positive steps in the initial efforts to assess preparedness capabilities across the Nation, capability requirements and performance measures for each level of government that are clear, objective, and quantifiable have not yet been developed. As a result, it is unclear what capability gaps currently exist, including at the Federal level, and what level of resources will be needed to close such gaps through prioritized preparedness grant funding. We will continue to monitor FEMA's efforts to develop capability requirements and performance measures.

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

Mrs. BROOKS. Thank you, Mr Maurer.

I will now recognize myself for 5 minutes for questions. This is primarily to Administrator Manning.

In 2010, as you just heard, Congress did pass and the President signed into law the Redundancy Elimination and Enhanced Performance Preparedness Grants Act. That bill was considered and passed by this subcommittee. Among other things, it required the FEMA administrator to enter into a contract with the National Academy of Public Administration, to study, develop, and implement the quantifiable performance measures we have been talking about, and metrics to assess the effectiveness of the grant.

The report was released in October 2011, and it offered 16 different recommendations of performance measures for FEMA's consideration. NAPA also recommended that FEMA conduct an assessment of collaborative approaches, in coordination with local jurisdictions, States, regions, and urban areas, and use the results to develop a scoring system for future quantitative or qualitative performance measures on collaboration, and to assist program participants specifically to strengthen their performance on these critical issues.

Can you provide this subcommittee with an update on the implementation of those recommendations from NAPA, please?

Mr. MANNING. Madam Chairwoman, thank you. I would be very happy to. We, of course, implemented fully all the recommendations in the REEPPG Act. We entered into a contract with NAPA. We had a very productive review period, working with NAPA, received their report with great anticipation, and reviewed their recommendations that recommended metrics and performance measures against all of the things that we have been tracking.

In most cases, were able to cross walk their recommendations against data that we had been collecting over the years in various forms, and were able to then consolidate that in a report back to the committee that updated where we are on those.

I have a number of them with me. For example, one of the recommendations from NAPA on the kind of foundational activities of the whole program was to review and monitor the number of FEMA State and UASI risk assessments against their grants. We

found that 100 percent of the States were current in that recommendation.

We have subsequently updated that guidance, as you mentioned in your opening remarks, Madam Chairwoman, into the Threat and Hazard Identification Risk Assessment, the THIRA guidance, that will help track, implement specific measurable metrics for the grant program, things, identifying the gaps, the capabilities required in a given jurisdiction, the particular activities that need to be performed to achieve those capabilities, and the percent completion against those, against multiple grant years.

The intention there is to achieve the goal, as has been described, in a measurable and meaningful way, as we continue to implement the programs.

I would be happy to provide the committee with additional copies of those data, the measures that we achieved that we have tracked against the NAPA report, and address any further questions you may have on that.

Mrs. BROOKS. Were there any recommendations that you disagreed with specifically?

Mr. MANNING. I don't recall any that we explicitly disagreed with. There were some measures that we felt that we were collecting data in a way that achieved the intent of the recommendation, but in possibly a different way than was recommended in the report.

That is summarized as well in the report. I would be happy to provide that to you.

Mrs. BROOKS. We would be interested in receiving that report.

It is my understanding that the 2013 National Preparedness Report is due to the President this month. Is FEMA on track to deliver and provide that report to the President by its deadline?

Mr. MANNING. Madam Chairwoman, we are. We are very happy at the success of the 2012 National Preparedness Report. We think it is a very good summation of what we have achieved as a Nation since the advent of homeland security with the application of, at the time, I think just about \$36 billion worth of preparedness assistance.

The 2013 report, as you mentioned, is due to the President at the end of the month. It is on schedule. It is on track. We expect it delivered to the President on time.

I think it will show measurable increases over last year's report.

Mrs. BROOKS. I would also ask, on behalf of the committee, that we receive the report as well.

On a different note, there has been a backlog in the past in spending of grant funds. That has been referenced. It has been an issue for years.

As of last month, FEMA reported \$5.2 billion in grant funds from fiscal years 2008 through 2011 still yet to be drawn down. I know that some of these are still within the period of performance.

But can you share with us whether or not the limitation on extensions that have been given—what impact they have had on the grantee's ability to spend those funds within the amount of time? Obviously, Congress is always looking at these funds. To see that we have over \$5 billion still, you know, unspent, can you just speak to that, please?

Mr. MANNING. Yes, ma'am. As you may be aware, we have taken many steps to alleviate the backlog in draw-downs. There are a great many number of reasons as to why that condition grew over the years.

In the last year, we have modified program guidance. We have issued information bulletins. We have worked with grantees in the way we provide extensions, addressing those extensions to really the only most critical areas that require extensions, and in places where there are business plans in place to show an appropriate burn rate and get that draw-down.

All of the efforts we have taken together, I am very happy to tell you that over the last year, we have gone from just about \$9 billion in undrawn balances—we are down to right about \$4 billion now.

We have made significant progress in just 1 year, cut that in almost half in the amount of money that has gone undrawn. We are continuing to work with all of our grantees. We expect that burn rate—we hope that burn rate to continue. We are working very closely with each and every individual grantee to ensure that continues.

Mrs. BROOKS. Thank you. Congratulations on that. We look forward to hearing more.

The Chairwoman now recognizes Ranking Minority Member of the subcommittee, gentleman from New Jersey, Mr. Payne, for any questions.

Mr. PAYNE. Thank you, Madam Chairwoman.

Deputy Administrator Manning, sequestration has gone into effect now. Congress is debating the budget of this year. Sequestration has already led to cuts in areas like TSA, CBP, air traffic controllers and the like, which, in my opinion, reduces our ability to prepare for and protect against a terrorist threat.

How will sequestration and proposed cuts in the House budget affect, if at all, FEMA's grant programs you have spoken about? In particular, UASI grants that benefits my district a great deal in New Jersey, Jersey City, Bayonne, and Newark, and that high-risk area about the port and Port Newark?

Mr. MANNING. Thank you. Those are very interesting and difficult questions that we have been wrestling with a great deal over the past few months. The grantees that we work with, all of the State and local governments across the country have made tremendous strides in their level of capabilities over the years.

We continue to work with them.

The sequestration impacts to the grants has resulted in a decrease to each of the grantees across the previous year. I am aware that there are a number of proposals under consideration in both the House and the Senate for the balance of the fiscal year funding and in out-years. As we address those varying funding levels, we would be happy to provide the committee with the particular impacts by grantee, as we were able to—as we are able to forecast that.

I have no doubt, though, that FEMA will continue to work with all of our State and local partners to continue to develop the capabilities to address the most critical needs within each of those jurisdictions.

We have been working over the years to increase flexibility in the way that grantees can use their funds to address those most specific problems unique to each individual. What we proposed last fiscal year in the National Preparedness Grant Program was an effort towards providing that coordination and flexibility with decreased funds, an ability to identify potential duplication, as you have heard from other witnesses this morning, and potentially alleviate that duplication and maximize the use of diminished resources available to the grantees.

We will continue to work with people to identify those opportunities, leverage partnership possibilities between grantees. I have directed the staff within the Grants Program Directorate to compare the, for example, court and transit grant applications to the UASI grant applications and see if there are opportunities to get geographically similar grantees to be able to work together and leverage some of those resources as well.

Mr. PAYNE. Well, I am a bit concerned that if, you know, the proposal to consolidate and go to a block—you talk about flexibility, I don't see how that allows for flexibility if it is turned into a bulk block grant. But we will see how that works out.

You know, we have done a great deal of good work around the UASI grant in Newark. As the former president of council, I was very involved in that, in the hardening of, you know, certain targets and what have you. It would be unfortunate to have the work that we have done there diminished.

But as we have been saying here, there is no real way to gauge. You know, it looked good to me, but, you know, from your perspective in understanding how well they have done with those dollars would be good to know. Thank you.

Ms. Richards, you mentioned in your testimony that FEMA could strengthen its grant program by issuing further guidance to States. Yet the NPGP consolidates 16 grant programs into a block grant and gives even more discretion and less direction to the States.

How do you expect that the funds under a block grant would be accounted for better, since it seems FEMA will have less presence?

Ms. RICHARDS. Sir, I would have to say that we have not audited a program that hasn't been implemented yet. So I am not able to fully answer your question.

We have looked at some of FEMA's programs and identified areas where local entities were having to apply multiple times for funds for the same project, but trying to get it from different programs. We had recommended to FEMA that they look at consolidating some of those application processes to ease the burden on the States and the sub-grantees.

As to how FEMA could oversee a block grant, I don't have any information on that today.

Mr. PAYNE. I would just, as I am closing, say that, you know, I think that under consolidating this into a block grant and not dealing with the sub-recipients could fall under partisan and political concerns on the State level. If a State administration doesn't necessarily like the administration in a locale, that there could be effects to the grantee at the end.

So I think that FEMA being involved in making sure without those issues at hand, in mind, can see that the sub-recipient is

doing what they need to do, as opposed to someone making a decision because of their feeling this way or that way about an official.

So thank you. I yield back.

Mrs. BROOKS. The Chairwoman now recognizes the Ranking Minority Member of the full committee, gentleman from Mississippi, Mr. Thompson, for any questions.

Mr. THOMPSON. Thank you very much, Madam Chairwoman.

Mr. Maurer, your review of the grant program listed some very I think salient issues. You said that at the time of your review, FEMA lacked the ways to measure how money was spent.

That goes to the Chairwoman's question about how you have money left, if you don't know how you are measuring the way you have spent.

So can you provide, after your review, what FEMA told you they did to correct that problem?

Mr. MAURER. Yes, absolutely. After we completed our report last February, we followed up with FEMA to talk about their actions to address our recommendations. A lot of FEMA's efforts were wrapped up in their broader attempts to develop a clear National capabilities framework.

As part of building up that framework, they are trying to enhance their ability to assess both the impacts of individual programs, as well as more broadly what has been accomplished to date and what still needs to be done in the future.

Let me be the first to recognize, like I said in my opening statement, that this is difficult to do. FEMA definitely has a difficult challenge.

But, you know, some of our work looking at other Federal programs, other Federal grant programs show that there are opportunities to achieve success or relative success in this area. There is no such thing as perfect performance measures. Nor is there such a thing as a perfect grant program.

But other programs have made good efforts. So, for example, at the Department of Justice, we issued work looking at the Justice Assistance Grant Program, which is roughly analogous to the State Homeland Security Grant Program at FEMA. When we did our review, DOJ was in the process of developing measures.

We recommended they take a couple of actions to enhance those measures. They did that. They worked more closely with the local stakeholders, for example, to get input on those measures. DOJ also took efforts to validate the information that was coming in from the recipients. In other words, trust what they are reporting but also verify it.

Another large program that has some reasonably effective measures is the President's Emergency Program for AIDS Relief. This is a \$44 billion multi-agency effort to combat AIDS.

Mr. THOMPSON. Just so you are satisfied that they are moving in the right direction?

Mr. MAURER. I think they are definitely on the right track. We are going to keep a careful eye on what they are doing. But they still have a long way to go, however.

Mr. THOMPSON. Well, as part of the review, Mr. Manning, can you explain to me the oversight responsibility for the regional offices in the grants program?

Mr. MANNING. Yes, sir. Our 10 FEMA regional offices work very closely with the State and local jurisdictions within their geographic area. We have over the years modified the way we oversee and manage the grants programs. We have divested a great deal of programmatic oversight in certain portfolios of the preparedness grants to our regional grants administrators.

The National applications for the Homeland Security Grant Program still come to the National level, still come to Washington. They are reviewed through our 2013 integrated monitoring plan for fiscal and programmatic monitoring, happens within the headquarters area here, but specific implementation steps on many of the procurement actions, the Emergency Management Performance Grant, which is a very successful grant program that builds capability for disaster response, really the backbone of emergency management across the country, is entirely managed within our regional structure at this time.

We have reorganized each of our 10 regions to have a dedicated grant management division that reports directly to the regional administrator and coordinates with the Grants Program Directorate here in Washington.

Mr. THOMPSON. Well, can you provide the committee with a little more—in other words, a State or locality applies to the National office, but you outsource the responsibility for monitoring to a regional office. Am I correct?

Mr. MANNING. That is correct. Each individual State or local jurisdiction, working through their State, applies to the National level, so we can compare the applications across at the National level. But we are one FEMA.

Mr. THOMPSON. Are they compared Nationally or are they compared regionally?

Mr. MANNING. The activities that a particular grantee proposes to accomplish, that has opportunities to leverage on each other's States, for mutual aid opportunities, for example, are coordinated by the regions, most definitely.

But where there are competitive applications, the Assistance of Firefighters Grants, for example, the SAFER Grants, where they are a competitive grant program, they are reviewed against the entire Nation by a peer review panel that is assembled here in Washington, made of grantee peers from across the country.

Mr. THOMPSON. A little confusing as to how you describe it, because I am trying to see whether or not a State like Mississippi is competing against people in Mississippi, people in the region or people Nationally.

Mr. MANNING. I understand. The State of Mississippi, in the Homeland Security Grant Program, HSGP and UASI grant program, is not competing against other States. They are competing against—their application is not in competition against other States regionally or Nationally.

The homeland security risk, as outlined in the Post-Katrina Act, that is used to determine the allocation amount by State, is a National list. So the risk to Mississippi from a terrorist attack is compared against the other 49 States. That is correct.

But in the competition—there is no competition in those grants. The Port Grants are competed within the area by the captain of the

port. We work closely with the Coast Guard. I would be happy to coordinate the Coast Guard to come give you a much deeper brief, if you would like it, on how that process works.

Mr. THOMPSON. Well, thank you, Madam Chairwoman.

I guess one of the policy questions is, is FEMA best-suited to run a grants program, period? Or should they just be in the disaster response and recovery business, rather the grants? I don't know. I just see you trying to build capability with an agency whose mission is in another direction.

I yield back. Thank you.

Mrs. BROOKS. Thank you.

The Chairwoman will now recognize other Members of the subcommittee for questions they may wish to ask the witnesses. In accordance with the committee rules and practice, I plan to recognize Members who were present at the start of the hearing, by seniority on the subcommittee. Those coming in later will be recognized in order of arrival.

So at this point, the Chairwoman now recognizes the gentleman from Pennsylvania, Congressman Perry, for any questions.

Mr. PERRY. Thank you, Madam Chairwoman.

Thank you for coming in to testify. All of you really offered some very compelling information for me in particular. I am sure for everybody else as well. I am not sure exactly who to address the question to. I have been in and out a little bit. So I am trying not to be redundant. If I am, please let me know, because I will have more.

But for Pennsylvania, we saw about \$20 million in Assistance to Firefighters Grants, money being used for equipment and vehicles. From my standpoint, the turnout in gear and vehicles and equipment is really where these folks want to spend that money. We have a huge amount of volunteer and professional firefighters and emergency responders in Pennsylvania.

The particular grant has been highlighted, though, as a source of waste within the Department. I am just wondering if there is some way to ensure the—first of all, is that what we should be procuring? Because in the testimony, one of the things I kind of get is a flavor of we don't really know exactly, in this regard, what the grant program—and correct me if I am wrong—what exactly our mission is. What are we trying to achieve?

If that is the case, you know, is there some way to make sure these funds are directly correlated with increased firefighter safety, security, productivity?

Please, anyone chime in if you feel compelled.

Mr. MANNING. Thank you. Absolutely. It is important, I think first, to note there are a great many number of grant programs, each of which has a different objective and a different goal and a different administration process. So while the Homeland Security Grant Program has a certain suite of things that are eligible for acquisition or training opportunities that are eligible to be paid for, the Emergency Management Performance Grant has a different set.

The Assistance to Firefighters Grant was created expressly for building the material and training capacity in fire departments

across the country, most predominantly bunker gear, air packs, fire apparatus, those sorts of things.

There has been a measurable amount of resources put against firefighter wellness as well, to increase the capability of firefighters themselves.

We know with great detail exactly what has been purchased against all of these grants. We know what equipment has been procured. We know who has been trained in what. Those are the data that we have used to develop the National Preparedness Report last year and are doing this year.

I think the Assistance to Firefighters Grant, it is monitored closely, as we were describing, through our integrated monitoring plan. It is one of those suite of grants that is monitored at least biannually. We have a process that we use to evaluate each grantee to determine if they are high-risk or not, to get more close scrutiny.

Our monitoring process is one to identify problems before they happen. It is not an audit, per se. Where we identify potential problems either through fraud, waste, or abuse, we are happy to refer those to our colleagues at the inspector general.

I think what has been procured, what we are trying to achieve in the Assistance to Firefighter Grants is critical for the Nation, for the Nation's capability, has very specific activities and pieces of equipment that aren't eligible for procurement under any other grant program.

That particular one is not duplicated by anything else. At the same time, we do coordinate what is happening, what the applications are with the States, so they know that a particular jurisdiction has received an award for, say, a piece of new fire apparatus, a new engine, a new ladder truck. So the State will know, and they know that they don't have to worry about duplicating assistance there.

Mr. PERRY. Okay. Then just since you mentioned it—and let me say this because I don't want to run out of time just by—I want to get this point in, especially for our volunteer firefighters and emergency responders. Those are the folks—the volunteers are filling out the grant applications.

These are folks that have jobs, whether under the fire, police, or whatever, that are leaving their employment to go fight the fire or, you know, tend duties as fire, police, or whatever. So the less onerous and the more direct that those grant applications can be, the better for them.

With that, I am just wondering, is there a metric? You know, I am picturing the firefighters that I know. Is there some metric to describe wellness and fitness programs, so we make sure? Most of the folks I know want the gear. You know, wellness is all probably some descriptive term that is hard to pin down.

I am just looking for some kind of metric that you guys use to determine what that is. I will yield when the answer is in.

Mr. MANNING. Certainly. I would be happy to have the grant staff—and we will come over and provide you a very detailed briefing on that particular element of the grant program.

The vast majority of that grant does, in fact, go to equipment, to bunker gear, to apparatus. We do our level best to make that grant application as simple and non-onerous as possible.

I was one of those volunteer firefighters. I used every hour of my vacation day for 10 years to go to calls and go to training. There is nothing I hate more than an overly complicated process where we are trying to help people that are trying to do this on their nights and weekends.

We do everything we can to make it as simple as possible.

Mr. PERRY. Thank you.

Mr. MAURER. Representative Perry, if I can, just real quickly? One thing to always keep in mind for any grant program—I mean, if you are talking specifically about firefighters, more equipment and more training is always sort of generically better. But the challenge is how much more do we need and how much more should the Federal Government provide its resources towards providing that support at the State and local level?

Not having that framework in place makes it very difficult to make that kind of assessment.

Mrs. BROOKS. The Chairwoman now recognizes the gentlelady from New York, Ms. Clarke, for any questions.

Ms. CLARKE. Thank you very much, Madam Chairwoman, Ranking Member.

Thank you to our witnesses. This is a very interesting conversation we are having today, because I come from a very complex user or grantee environment, grantee-rich environment. When I think about this grant consolidation, particularly for a city like New York, it becomes a bit more imperative that we really look at what the implications here are.

We have a transit. We have the ports. So for them to be basically competing for the same pot of money in such a very complex environment is a bit concerning.

Ms. Richards stated—this question is to just Deputy Administrator Manning. Ms. Richards stated that the OIG audits unveiled States did not always obligate the HSGP grants to sub-grantees in a timely manner, which would potentially cause an increase in sub-grantee's administrative costs, and hinder the sub-grantee's ability to complete projects and deliver needed equipment and training.

State grantees did not properly reimburse sub-grantees for their grant expenditures. Again, I am looking at the context of a place like New York City, within the context of a State like New York. How would the NPGP promote efficiencies with sub-grantee draw-downs?

Since it is unclear how the funding in the NPGP will be distributed to local areas, how do we assure that it is used to meet local threats and preparedness gaps? How do we ensure that the political considerations do not become the criteria for the distribution of these funds?

So that is like a bundle of stuff there. I hope you can address it.

Mr. MANNING. Yes, ma'am. Thank you. I particularly like your description of a grantee-rich environment. I think that is very appropriate.

I think an important thing to consider in our proposal of the National Preparedness Grant Program last year, and our discussion of that, is that it works in combination with the shift in philosophy in implementation that has come from Presidential Decision Directive 8, the National Preparedness System.

In the past, the Homeland Security Grant Program and the UASI grant programs have functioned under State-specific strategies, in which a great deal of latitude was provided and very little specificity on how to conceive of what needs to be achieved in a particular jurisdiction.

You have heard from both witnesses this morning the attendant problems we have had with that approach, that it was difficult to understand or conceive of a National level of preparedness, how prepared are we, and how much more prepared do we need to be.

The idea around the National Preparedness Grant Program was one of consolidation of the multiple buckets of grants in a way that we can, in combination with an approach that looks at the most likely severe threats and hazards to a jurisdiction, through the lens of this National preparedness goal, our multiple core capabilities.

For example, if we look in New York City, of the various threats and hazards that exist to the city of New York and the entire New York urban area, you may consider the effects of a large hurricane. Certainly with Sandy we now have an all-too-real tangible evidence of what happens.

But just a few years ago, that was a planning scenario. That wasn't one that we had experienced in quite some time. You may look at a large terrorist attack. You could look at a series of tornadoes, even an earthquake.

A couple of years ago, no one would have considered the northeast at risk of much earthquake. You see the scaffolding going up around town to repair the damage here in Washington.

When you consider the threats and hazards against the very specific geographic area, against these core capabilities, you have an idea of your targets. So, for example, the New York area has been building advanced search-and-rescue capability for some time, but not using a coordinated method, where you can understand what needs to be built in a way that we can compare across the entire New York Metro Area, across the entire State of New York, all of FEMA Region II, the eastern seaboard, the entire eastern United States or across the whole country.

So as we were talking earlier of the THIRA and the system, the idea is simply one of what could possibly happen where I live? Using this language of our NIMS, the National Incident Management System that we have rolled out over the last 10 years, using that for resource typing, given what might happen, what do I need?

Then focusing the grants on the gaps. So if I determine that I need four urban search-and-rescue teams, and I know that I have three in New York, I know that is a priority. I am going to work between FDNY and the police department and the Port Authority to try to build those capabilities in response, prevention, protection, mitigation, and recovery.

Certainly, there are critical infrastructure protection challenges with the port and transit facilities that don't lend itself to that evaluation. We have been working very closely, in fact using the

Port Authority of New York and New Jersey as our example and our closest collaborator, on determining a way that that would most effectively work.

Mrs. BROOKS. Thank you.

The Chairwoman now recognizes the gentleman from Pennsylvania, Mr. Marino, for questions.

Mr. MARINO. Thank you, Madam Chairwoman.

Thank you for being here, folks. I am going to get right into the questioning.

I am from northeast Pennsylvania, 10th Congressional District. We have been hit just like everyone else, floods and you name it. We have had our share.

There is a fire department in my district, volunteer, who put together rather a very well-written grant. They were told it was a very well-written grant to help them purchase a new fire truck. They received notice several weeks ago that they had been turned down.

The call was made as to why they were turned down. Here is the response they got: "Well, you have written on here that it is a 1986 fire truck and it is not old enough." They said, "We don't have an 1986. We have a 1968." The numbers were transposed.

So whoever typed up at the fire department the last hard copy changed from a 1968 to a 1986. They were told that FEMA that—"too bad. You have to reapply again, because you have the wrong date of fire truck down."

"Well, can we have it back and we will switch it or we will tell you or we will send a supplement?"

"No, you are out of the grant process."

Now, can any of you respond to that? Because, quite obviously, on its face, after sending in a 25-page grant, it is just ridiculous.

So Mr. Manning and then Ms. Richards and Mr. Maurer.

Mr. MANNING. Sir, I am sorry to say, I do hear examples like that all too often. I will happily go back and look very closely into your specific example.

I can say, though, in having looked into these in the past, the problem is simply one of the competitiveness of this program. I know this isn't going to be a satisfactory answer. There are thousands and thousands and thousands of applications against this grant program, each of which has a compelling need for that particular department.

The staff is forced to make extremely difficult decisions, often on what seem in retrospect to be occasionally arbitrary decisions like that. The decisions on which applications are successful or not are made by a peer-reviewed panel of like fire departments, representatives from across the country.

I—

Mr. MARINO. If I may, would the grants have been decided upon before the notification was sent out saying, it is too-new of a truck, we cannot? I can understand that.

Mr. MANNING. Yes, sir. The awards are decided upon before the notifications are made.

Mr. MARINO. Okay, that answers that question. But perhaps I can give you specifics and perhaps we can look at it.

Mr. MANNING. Yes. We would be happy to help them, you know—

Mr. MARINO. I have looked over your background. You are very well-educated. You are very well-qualified. I would not be so bold as to tell you how to do what you are doing, whatever that is, how complex it is.

But this is a general question pertaining to some stats. We have spent approximately, for preparedness grants since 2001, \$40 billion dollars. Now in your opinions, are we getting the bang for our buck? How do we know we are getting the bang for our buck, question No. 2?

No. 3, have any of you experienced a situation, like we all have—we are human; it is complicated—where this is absolutely ridiculous, on what we spent this money on, and it just didn't serve the purpose and it wasn't effective and efficient?

So if you would, please? Mr. Maurer, do you want to start on that and work to your right?

Mr. MAURER. Yes, absolutely. Certainly with that \$40 billion, we now have more equipment. We certainly have more training. We have more generic capability. How much more? We don't really know.

How much closer we are to what we need, we don't really know that either. That is the central challenge facing this whole program, kind of writ large, is knowing when do we need another \$100 billion? Do we need another \$10 billion?

Where does that money need to go, in what areas? That still remains unclear.

Mr. MARINO. Let us move on to the next part of this, as far as—and if you want to tap on, add a little bit, that is fine. But how about, are we looking for programs and saying, this just didn't work? It is not working, scrap it and start over?

Ms. Richards.

Ms. RICHARDS. When we do our audits, we do look at what equipment has been bought. At the inception of the program, we did make several reports where we had found that equipment that was bought was not appropriate for the situation. It was not in accordance with FEMA's rules. Or it was being used for non-approved purposes.

Over the life of this grant program, that has diminished considerably. At this point, we are finding that only very rarely—

Mr. MARINO. Good.

Ms. RICHARDS [continuing]. That they are buying inappropriate equipment.

Mr. MARINO. I see my time has expired. I yield back.

Mrs. BROOKS. Thank you.

I will now recognize myself.

To Mr. Maurer, GAO has repeatedly expressed concerns regarding FEMA's inability to assess National preparedness. You just mentioned it yet again. Given the work that has been done to date—and there has been considerable work done to date—what, in your opinion, remains to be done?

What does FEMA need to be doing to address GAO's concerns?

Mr. MAURER. Well, they need to finish the work on implementing the requirements of the Presidential directive. They certainly had

that framework in place. We are looking forward to seeing the next National Preparedness Report.

The THIRA process is underway. They don't have all the THIRAs in from all the various States. A number of them received extensions for very valid reasons, because of Hurricane Sandy.

But we are looking forward for that being completed.

Mrs. BROOKS. I am sorry. Could you please explain for the panel the THIRA again?

Mr. MAURER. Yes. In generic terms, it is ability to assess the risks that the State and locals are facing from a variety of threats. It is a way of doing that in a comprehensive way. It gives them a common way of expressing that to FEMA. The idea is that FEMA would be able to direct money towards those areas with the greatest risks, where there are still capabilities gaps.

Another issue that we think it is important for FEMA to address is looking more closely at the self-reported nature of the information that underlies this kind of reporting.

So, for example, the way the system is set up now, the States are reporting on what they think their capabilities are and what they think their capabilities need to be. It is certainly appropriate to get that level of input from the recipients. But we also think it is important to have some look into that at the Federal level, to make sure that there is oversight of that as well.

That has been one of the sort of overarching issues we have identified in all of our grants work across the Federal Government, this idea that there needs to be oversight of self-reported data.

A third issue that we think is important to address is developing specific measures on individual programs, which will help build up the broader capability of assessing capabilities and capability gaps.

Mrs. BROOKS. To Administrator Manning, to his point with respect to the oversight of the State self-reporting, what is your response as to what FEMA is doing, you know, to give that analysis and oversight as to what the States' requests are?

Mr. MANNING. Yes, the balance of third-party or independent research into the level of preparedness of a particular grantee or State and local jurisdiction, and the self-reported nature of most of the data, that is one we are always struggling with and constantly trying to refine.

A number of years ago, it was entirely self-reported. We have gone into a more objective, more quantitative methodology with the adoption of the THIRA and that process through the National Preparedness System, one where self-reporting is going to be less subjective, less qualitative, and something that is more concrete and more easily auditable on the back end.

We are also using additional Federally-driven or third-party reviews of activity, not simply requiring—relying, excuse me—on self-reporting data. It is one that I don't believe we will ever completely resolve. As anyone who does fundamentally qualitative research will tell you, it is something you are constantly having to modify your research methodologies to achieve the relevant data.

Mrs. BROOKS. When you indicate third-party reviews, what third party are you referring to?

Mr. MANNING. In many cases, we are talking about relevant National associations, for example fusion centers. There are a baseline

assessment for fusion centers. In the past, it used to be: Do you have one, do you not have one, do you feel good about it? Those were the measures.

Now we are using these assessments, these baseline capability assessments that were done collaboratively by the fusion centers, through their National association, in collaboration with the Intelligence and Analysis Division of the Department of Homeland Security.

So we have this kind of third-party review of the data sets and the collective data, to help us determine whether it is relevant or not.

Mrs. BROOKS. Thank you. Just finally, talking about fusion centers, I was able to visit my State's fusion center. As a former United States attorney, was involved in standing up the fusion center in Indiana. So I have been very familiar with fusion centers and the importance of them.

Is FEMA now able to more accurately report how much grant dollars have gone toward fusion centers across the country?

Mr. MANNING. Yes, we are. That is a very important point. In the beginning of the fusion centers, I too was involved, prior to my Federal service, in standing up one of the fusion centers and helping build that network across the country. In the early days, it was something that was—it was a grassroots initiative. It wasn't a Federally-driven program.

Because of that, there weren't the tools built into the grant process to track that specifically. So retrospectively, when we try to figure out—when we were trying to figure out how much money has gone into fusion centers, we had to do essentially keyword searches on things like “information sharing, data analysis systems, fusion centers,” that sort of thing.

We got what we believed to be inflated numbers, because in many cases a grantee may have been procuring mobile data terminals for their law enforcement, for their patrol vehicles. It may support the fusion center, but not specifically for the fusion center.

Now, as we shift into program-level reporting in the grant applications—but certainly even now, as we require the grantees, if it is an explicit funding line for a fusion center, there is a box that says, “this is for a fusion center.”

So it is a very clear, binary analysis of whether it is fusion-center funding or not.

Mrs. BROOKS. Okay. Thanks.

I now recognize the Ranking Member of the committee, gentleman from New Jersey, Mr. Payne. Any further questions?

Mr. PAYNE. Yes, thank you, Madam Chairwoman.

You know, back to the NPGP grant consolidation and my concerns really about that taking place; I understand FEMA plans to include the NPGP program in its 2014 budget request, with modifications to address the concerns raised by stakeholders after the program was initially proposed last year.

What modifications should we expect to see in the National Preparedness Grant Program proposal?

Mr. MANNING. Thank you, Ranking Member Payne. Since we originally proposed that in the fiscal 2013 budget request, the administration has taken the advice, has very clearly heard the ad-

vice of both the House and the Senate and all of our constituents and partners across the country.

We have been working non-stop with all of our urban area partners, our State partners, port, transit, the relevant constituent groups, law enforcement, fire service, public works, on listening to their concerns and considering how what we had proposed or what we are considering could be best addressed, best modified, best constructed to achieve those.

Going forward, I think it is important for me to note that we will, of course, comply with whatever Congress directs us to do in the budget we have in 2013. Whatever is—we will function—we will design the grant programs and implement as authorized and as directed in the appropriation.

As for what we may propose for the 2014 submission, I am happy once the administration does make its proposal to go into more detail. But at this time, I can't, unfortunately, comment on a budget proposal that has yet to be released.

Mr. PAYNE. Okay. Second, you know, homeland security stakeholders at the State and local level have had to deal with multiple iterations, you know, of FEMA's attempt to measure performance and meet Congressional mandates.

What support and training would be provided to States and locals to support these new monitoring efforts?

Mr. MANNING. You are absolutely correct in that assessment. As a former grantee myself, I am very well-versed in what FEMA and the Department, prior to the Post-Katrina Act and grants moving to FEMA, how that works. We have a great deal of opportunities through our technical assistance function, our technical assistance branch, as we change reporting requirements, grant application requirements, to work with our grantees.

We schedule as we can, as funds are available and as travel is available, to go to areas where grantees are to help them, or try to bring them into central locations, not always just Washington, but across the country, to work with them.

As we are shifting the philosophy of the National Preparedness System and the things that the grants are trying to achieve and how they work together, we have had workshops all across the country, multiple in every region to work through how the THIRA is supposed to work, with capability estimation is supposed to work, and how all of that functions and supports the grant applications, to make their lives as easy as possible.

We do everything we can to do that. We will continue. You have my assurance that we will do as much outreach and as much technical assistance is possible, as any of these requirements shift, to make the grantees successful in doing their work.

Mr. PAYNE. So, you know, any additional changes to the FEMA grant monitoring process in the next year—you know, I am concerned that when will you notify the State and local stakeholders?

Mr. MANNING. The grant monitoring process, we do it with our integrated monitoring. The grantees know at the time of their award whether they have been flagged as a grantee that we are going to be working with.

It is criteria that are published and well-understood, things like a new grantee or a great number of audit findings, those sorts of

things. We work very closely with those grantees. At no time should that be a surprise to anyone in the monitoring system.

Mr. PAYNE. Well, you know, Mr. Manning, let me—sorry, Deputy Manning, let me just thank you for your testimony today.

But I am still concerned that, you know, the Department's NPGP proposal does not provide substantial details on how the grant program may work, how the funds will be distributed or what safeguards will be in place to ensure local threats and preparedness gaps are actually closed.

So I am still not sold on this being the best direction, and a way for the funds to be allocated out of a block, as opposed to the way they are managed now. Because, as I said, in Newark, we have had substantial success in being involved directly with the Federal Government.

But to put it in that block, in my State, gives me pause. So I just want to put that on the record.

I yield back.

Mrs. BROOKS. Thank you.

Mr. Manning, last week, or sometime in the month of March, we received this capability estimation report. It is a draft, as I understand it, a comprehensive preparedness guide, which is supposed to help States and localities identify the resources it needs.

When can we expect the final version? What I liked about it, it is very specific. It gives ideas as to whether or not there are shortfalls on certain areas. So when will they get the final guide for this?

Then also, how will this capability estimation report impact grants awards?

Mr. MANNING. Thank you. Thank you for the comments on it as well.

I think that goes to the example I was using with Congressman Perry that we try to make it as simple and implementable, usable for the grantees as possible.

We are in our, I hope to be, final stages of collaborative development with our partners. We try not to do anything and just drop it on grantees. So we are working, working with partners to pilot it, to work through it. We just finished a pilot with the city of Baltimore to see how effective it would be in a complex urban area.

We are working with others as well.

We don't have a specific hard release date at this time, but I expect it to be very, very soon. As soon as we have analyzed the results of our pilot with Baltimore and other jurisdictions, we will be able to finalize that.

We will be happy—we will, of course, let you know as soon as we finalize that date. But as you said, it is widely available for everybody's use now. But it is important to us that it work effectively for all the grantees before we finalize anything.

The intent is that it be used in the future to drive the prioritization of acquisition from the grants, but not be award itself. It is not envisioned to make a determination, at this time, on which grantees are more needy than another grantee, to make allocations decisions.

We do and will continue to operate under the authorizations in the Post-Katrina Act and the 9/11 Act that determine those award amounts.

The idea here is that, as I described earlier, the current regime is simply one of a jurisdiction having determined their own strategy a number of years ago, without coordination with other jurisdictions around the country, and in a way that we, the Federal Government, on your behalf, and on America's people behalf, can't understand what a jurisdiction may be done or what is most important, given some others.

To go back to a question that Congressman Marino had about the bang for the buck, this is a tool. That is how we got here. We absolutely have seen a tremendous bang for the buck, beyond performance measures, in real examples, things like the fact that in Joplin, after the tornadoes tore through Joplin, this kind of tragic event, in the past it would have been about 24 to 48 hours before advanced search-and-rescue was on the ground.

They were done with search-and-rescue by dawn the next morning, because of capabilities built under this program. Capabilities in that example that have been quantified under the National Incident Management System for a number of years, one of the examples we used in developing that.

The capability estimation tool drives against all the core capabilities, provides the tool for a jurisdiction to take the threats and hazards it is facing, contextualize it to their own community, take the NIMS resource typing—that is what this tool does—and lets them say, I need this much sheltering capacity; I need this much mass casualty response; I need this many SWAT teams, bomb teams, that sort of thing, in a way that we have never been able to do Nationally before.

Beyond the grants, what is most important to the public, it provides a planning tool for mutual, to say—for example, say I am a mid-sized Midwestern city, and I know I have a gap that I identified through the Capability Estimation Tool. I know I don't have the resources to fill that gap through acquisitions. So I know I need to enter into a mutual aid plan with a neighboring State or a city 4, 5, 6, 8 hours away.

That is not a tool—nobody has been able to do that in a coordinated way before. We are very excited about the opportunity.

Mrs. BROOKS. Thank you very much. We look forward to seeing what the final version looks like.

I would like to thank the witnesses.

Or I am sorry. Do you have any further questions?

Mr. PAYNE. No, ma'am.

Mrs. BROOKS. Okay, thank you.

I would like to thank the witnesses for your valuable testimony. As you said, we are, I believe, since having been involved in this since 9/11 or shortly after 9/11, when I became the U.S. attorney—I do believe that over this period of time, we are quicker. We are better. We are safer for the work that FEMA has done, and work particularly of the State and locals, and FEMA's support of the State and locals.

Obviously a lot of progress has been made, and we're continuing to make the progress. But with tightening Federal Government re-

sources, that is why it is so important for us to continue this oversight and continue to ask these questions, to make sure that the grants that are provided to our State and local governments are utilized to the best of their capabilities.

But I think when you mention what happened in Joplin, in particular, the fact—and you had mentioned earlier, and I am very pleased to hear that now we have search-and-rescue teams that can be anywhere within 4 hours, almost anywhere in the country.

I think that speaks a lot to our enhanced capabilities. But I think we always are never certain what that next threat will be coming, and the fact that this country could be attacked once again, as we were on 9/11. So we have to continue to stay on top of this, and make sure we are using our resources to the best of our ability.

So I would like to remind the Members of the committee who might have additional questions for you, we are going to ask them to—you may be asked to respond in writing to those who couldn't be here. Pursuant to Committee Rule 7-E, the hearing record will be open for the next 10 days.

Without objection, the committee stands adjourned and I thank you very much.

[Whereupon, at 11:34 a.m., the subcommittee was adjourned.]

## APPENDIX

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### QUESTIONS FROM CHAIRMAN SUSAN W. BROOKS FOR TIM MANNING

#### GUIDANCE TO STATES

*Question 1.* As I am sure you are aware, The Implementing Recommendations of the 9/11 Commission Act of 2007 requires the Department's Office of Inspector General (OIG) to audit individual States' management of State Homeland Security and UASI grants. I have had the chance to read the latest results of the Indiana and Massachusetts audits. Both of these reports echoed the findings of previous audits. Specifically, the OIG maintains that most States have not developed performance measures to document enhancements to preparedness resulting from the grant awards. In her written testimony submitted for today, Ms. Richards stated, "Without performance monitoring, States cannot be certain they have met program goals and used funds to enhance capabilities, rather than wasting them by not addressing deficiencies." Can you please describe some of the things FEMA is doing to help States update their Homeland Security and Urban Area Security Initiative Strategies to include more meaningful performance measures?

Answer. Response was not received at the time of publication.

#### THIRA

*Question 2.* Since our hearing almost exactly 1 year ago, FEMA has released its much-anticipated THIRA guidance. Some early feedback we've received is that the role of local government officials, local emergency managers, and first responders is not clear—such as how the threats and capability gaps identified at the local level will be included in the State THIRAs submitted to FEMA. In addition, Mr. Gruber said in his testimony last year before this subcommittee that FEMA's approach to measuring the effectiveness of grants will be tied to assessing the achievement of National priorities. My question is, as you look to evaluate the effectiveness of homeland security grants, how will you ensure that you are accounting for the benefits, or deficiencies, realized at the local level, where most of the incidents occur?

Answer. Response was not received at the time of publication.

#### GRANTS TASK FORCE

*Question 3a.* I have learned that FEMA has convened a task force to evaluate grants management processes and develop a series of recommendations to improve efficiencies, address gaps, and increase collaboration across regional and headquarters counterparts and financial and programmatic counterparts. Mr. Maurer referred to this task force in his written testimony. Can you please discuss the work of this task force as well as any recommendations that have come out of the task force?

Answer. Response was not received at the time of publication.

*Question 3b.* If recommendations are not yet available, can you please provide a time frame for when they might be ready?

Answer. Response was not received at the time of publication.

#### DRAW-DOWN OF GRANT FUNDS

*Question 4.* The backlog in the spending of grant funds has been an issue for years. As of last month, FEMA reported that \$5.2 billion in grant funds from fiscal years 2008 through 2011 has yet to be drawn down. Obviously, some of these grants are still within their period of performance, but some of them are well outside that time frame. What impact has FEMA's limitation on the issuance of extensions had on grantees' ability to spend grant funds within the prescribed time limit?

We continue to hear that some reviews, such as the Environmental and Historic Preservation reviews, are causing delays in grantees' ability to draw down their

funds, despite FEMA's efforts to expedite these processes. What is FEMA doing to further streamline and expedite review processes such as these to ensure that projects are in compliance, but are not delayed? What percentage of grant funds has been returned to the Treasury due to failure to expend all funds within the 5-year budgetary requirement?

Answer. Response was not received at the time of publication.

#### COLLECTION OF PROJECT-LEVEL INFORMATION

*Question 5a.* IG and GAO reviews have noted that FEMA frequently lacks sufficient information on projects once grant funds leave the State level. I understand that FEMA is beginning to collect more project-level information. In their written testimony today, GAO re-stated that visibility into project-level data was important, "but that FEMA had not yet finalized data requirements or fully implemented the data system to collect the information." How will this new approach provide you with more visibility at the project level so you can be sure that funds are being used appropriately?

Answer. Response was not received at the time of publication.

*Question 5b.* Is FEMA ready to begin collecting additional project-level information?

Answer. Response was not received at the time of publication.

#### FEMA ORGANIZATION

*Question 6.* Within your organization (Protection and National Preparedness) are the Grant Programs Directorate and the National Preparedness Assessment Division. The National Preparedness Assessment Division has the responsibility for developing measures and metrics for these grants. However, grants measurement seems to be handled by FEMA's policy shop. Why is grants measurement completed by a different division than that which develops grant policy and makes grant awards?

Answer. Response was not received at the time of publication.

#### QUESTION FROM CHAIRMAN SUSAN W. BROOKS FOR ANNE L. RICHARDS

##### EXAMPLES OF MEASURES AND METRICS

*Question.* Has either of you (GAO and/or IG) seen examples of other agencies within the Federal Government—or maybe even at a State and local level—that is able to effectively measure grants? Can you please describe those to us?

Answer. Response was not received at the time of publication.

#### QUESTIONS FROM CHAIRMAN SUSAN W. BROOKS FOR DAVID C. MAURER

##### EXAMPLES OF MEASURES AND METRICS

*Question 1.* Has either of you (GAO and/or IG) seen examples of other agencies within the Federal Government—or maybe even at a State and local level—that is able to effectively measure grants? Can you please describe those to us?

Answer. Response was not received at the time of publication.

#### CAPABILITY ASSESSMENT

*Question 2a.* GAO has repeatedly expressed concerns regarding FEMA's inability to assess National preparedness capabilities. In September and November 2011, FEMA issued the National Preparedness Goal and System, respectively, and in May 2012, FEMA issued its National Preparedness Report. To what extent do you think FEMA defines the capability requirements necessary for National preparedness?

Answer. Response was not received at the time of publication.

*Question 2b.* To what extent do you think FEMA's 2012 National Preparedness Report addresses GAO's historical concerns regarding the assessment of National capability gaps against National capability requirements?

Answer. Response was not received at the time of publication.

*Question 2c.* Given the work that has been completed to date, what remains to be done, in your view, to address GAO's historical concerns?

Answer. Response was not received at the time of publication.