

HOW TO BEST PREPARE FOR THE ACTS OF TERROR: NATIONAL PRE- PAREDNESS AND FIRST RESPONDER FUNDING

(108-66)

HEARING

BEFORE THE

SUBCOMMITTEE ON

ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON

TRANSPORTATION AND

INFRASTRUCTURE

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HOW TO BEST PREPARE FOR ACTS OF TERROR: NATIONAL PREPAREDNESS AND FIRST RESPONDER FUNDING

Thursday, May 13, 2004

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT, WASHINGTON, D.C.

The subcommittee met, pursuant to call, at 12:05 p.m. in room 2253, Rayburn House Office Building, Hon. Steven C. LaTourette, [chairman of the subcommittee] presiding.

Mr. LATOURETTE. The subcommittee will come to order.

The subcommittee is meeting this afternoon to discuss one of the most challenging issues facing the Congress this session, that of how do we address the very compelling funding needs facing first responders around the country, as well as how we should organize the Federal efforts in these areas.

At its core, the issue resolves around the question of whether the Federal Government pursues a preparedness strategy that focuses on preparing the Nation for all hazards, or whether it focuses on one hazard only. On December 17, 2003, President Bush outlined the policy of the Administration, which is to pursue a national domestic all-hazards preparedness goal.

The all-hazards strategy encompasses the idea that the best way to prepare for every disaster that may happen is to prepare for all disasters by having in place a comprehensive preparedness strategy. State, local, regional, and tribal governments can ensure that they are ready to meet all of the challenges. That is why the Federal Government adopted the Federal Response Plan in April 1992, and why that plan envisions a response system that is prepared for all potential hazards.

This policy is also one that makes sense for economic reasons. If we acquire from communities that their preparedness programs contemplate all hazards that might occur, the result will be preparedness systems that are built in the most efficient way possible. Dual use equipment, when available, will be purchased. Planning sessions will be more effective, and better plans will result as all scenarios are considered.

A key factor that must be remembered as we are proceeding to discuss at greater length the impact of terrorism on society is that terrorism is a motive, not an incident in of itself. Terrorism may take many forms—a bomb in a movie theater, a chemical release on an airplane, or a biological weapon at a Federal building.

Each of these events, while scary, must be dealt with in a particular way. However, what is important to remember is that while there may be a subtle nuance to an event which is where terrorism is suspected, until that suspicion can be confirmed, first responders will likely treat the event as if it were one of the events that they deal with on a regular basis. All-hazards preparedness is an accepted standard of most State governments, emergency managers, the Administration, as well as a variety of local and regional organizations. Simply put, all-hazards is the best way to do business at the Federal, State, and local level. It is where everyone else is going so it is the policy that we, as a Congress, should be going as well.

We are also here to discuss the funding of first responders. We will be hearing from witnesses that will discuss how the Administration has been doing in delivering vital responder dollars, and also what the policies are regarding the distribution of those funds. There have been complaints in the media that somehow the funds are not reaching the local governments fast enough. The Homeland Security Inspector General has completed a study on that issue, and we will be hearing from the Administration on the results of that review, as well as the General Accounting Office. Their results, I think, you will find very interesting.

I believe that the information that we gather at today's hearing will be helpful as we proceed with drafting legislation to address these issues. The draft is proceeding very well, and I am hopeful that we will be able to discuss the draft in the near future.

It is now my pleasure to recognize our distinguished Ranking Member, Ms. Holmes-Norton for any remarks she would wish to make.

Ms. NORTON. Thank you, Chairman LaTourette. Thank you for calling this important hearing on how best to prepare for acts of terror, national preparedness, and funding for first responders.

Today we are here to discuss two different approaches to preparing our Nation for possible acts of terror. Since September 11, 2001, the Federal Government has focused on the critical role that first responders play in responding to and mitigating the effects disasters. For fiscal years 2002 and 2003 alone, Congress appropriated nearly \$13.9 billion dollars for domestic preparedness programs.

Several States and local officials have complained that they are not receiving the money in a timely fashion and, thus, the Department of Homeland Security's Inspector General launched an investigation which found that much of the delay was due to lack of clear spending plans by recipients as well as the fact that programs are run on a reimbursable basis. Many of the recipients did not have the money for the initial outlay. Additionally, the DHS IG found that most of the problems at the Federal level were due to the volume of the funds at issue and the newness of the program.

In response to these delays, the Select Committee on Homeland Security, on which I serve, introduced H.R. 3266, the Faster, Smarter, Funding for First Responder Act of 2004. The Select Committee decided to focus solely on terrorism preparedness. For example, H.R. 3266 requires a separate State preparedness plan focused on the threat of terrorism and establishes separate first responder essential capabilities and training and equipment standards fo-

cused solely on terrorism. Additionally, the bill would allocate first responder grants exclusively on the basis of terrorism risks and vulnerability.

The Committee on Transportation and Infrastructure has a long history of supporting the all-hazards principle, which has been the core of the Federal preparedness effort for many years, and has become the guiding principle of the Administration for the Department of Homeland Security, as indicated by the Homeland Security Presidential Directive. Even the National Response Plan is an all-hazards plan. This approach recognizes that the most efficient way to prepare a community for disaster of whatever type is to develop an emergency management plan that will allow the community to respond to every disaster. This Committee is concerned that H.R. 3266 might produce two separate streams of funding, with no requirement for coordination with other preparedness programs, which could cause overlap and duplication.

Additionally, communities would have to develop a preparedness plan for terrorism and one for non-terrorist threats in order to receive other preparedness funds. This approach may be counter to the all-hazards approach to preparedness adopted by DHS, or it may be necessary in order to properly differentiate between terror and other kinds of hazards. That is one of the things that we can find out as we have hearings like this.

I welcome the witnesses. I look forward to hearing their testimony on this important issue.

Mr. LATOURETTE. I thank the gentlelady very much.

First, I would ask unanimous consent that any opening remarks that the Chair, Ranking Member, or any member of the Subcommittee may wish to make be made a part of the record.

Without objection, so ordered.

Before I introduce Mr. Jenkins, I just want to make a couple of caveats for our witnesses, and also for our guests today. We have been advised by the floor that there is going to be a very lengthy series of votes, they think beginning about 12:30. When I say lengthy, there will be a little over a hour of votes. So we are sorry to inconvenience you in that way, but we will try to get through as much as we can between now and then.

Secondly, sadly I spent the morning in a dentist's chair, so I may not be as friendly and/or loquacious as I usually am. I apologize for that up front.

We are joined today by our first panel by William Jenkins, who is the Director of the Homeland Security and Justice team at the General Accounting Office.

Mr. Jenkins, I welcome you. We appreciate your being here. We look forward to hearing from you.

TESTIMONY OF WILLIAM O. JENKINS, DIRECTOR, HOMELAND SECURITY AND JUSTICE, GENERAL ACCOUNTING OFFICE

Mr. JENKINS. Mr. Chairman and Ranking Member Norton, I am pleased to be here today to discuss Federal funding for first responders. The events of September 11, 2001 spotlighted the critical role that first responders play in responding to and mitigating the effects of major emergencies.

In fiscal years 2002 and 2003, Congress appropriated almost \$14 billion for domestic preparedness programs, the largest sources of funds for first responders were the State Homeland Security Grant Program, and the Urban Area Security Initiative Grants.

Effectively managing the large growth in Federal grant funds for domestic preparedness has presented a challenge to the Office of Domestic Preparedness, States, and Localities. We have ongoing work in this area. A report on the management of funds in the National Capital Region will be issued within the next few weeks. We are also examining the intergovernmental efforts to manage the fiscal years 2002 and 2003 grants administered by ODP.

With this Subcommittee, we have begun work examining DHS efforts to implement an all-hazards approach for enhancing first responder capacities and abilities. Because most of our work is ongoing and our findings remain preliminary. My testimony today focuses principally on the major findings of two recent reports supplemented by some examples from our work in three States in which we documented the steps and time required to distribute funds from the ODP to the States and from States to localities.

Most of this concern about possible delays in getting grant funds to local first responders is focused on the State Homeland Security Grant funds which required that States transfer 80 percent of grant funds to local jurisdictions no later than 45 days after ODP awarded the funds to the States.

Both the Department of Homeland Security Inspector General and House Select Committee on Homeland Security recently issued reports on the distribution of first responder grants to States and local governments, focusing principally on the State Homeland Security grants. Generally, both reports found similar causes of delay in getting funds to local governments and first responder agencies.

These included the time needed to complete State and local planning requirements and budgets, legal requirements for the procedures local governments needed to use in accepting State grant allocations, the need to establish procedures for the use of the funds, such as the authority to buy equipment and receive reimbursement later, and procurement requirements such as bidding procedures.

Our work in three States found examples of each of these issues, and in some cases, more than one in a single location. For example, one city was notified on July 17, 2003 that grant funds were available for use. The city council voted to accept the funds on November 7, 2003, almost four months later.

In this same jurisdiction, procurement regulations required that funds be available prior to issuing equipment purchase orders. A special procedure had to be established. This took from June 18th to September 4, 2003. However, once appropriate procedures are in place, such delays can be reduced.

Because the State and local requirements and procedures vary, so do the causes of any delays in obtaining and using funds at the local level. The DHS IG and Select Committee reports both found that ODP's grant management requirements, procedures, and processes were not the principal cause of delays in getting grant funds to local governments and first responders.

In fiscal year 2002 ODP took, on average, 292 days from the date grant legislation was enacted to the date that it awarded State

Homeland Security grants to States. It reduced this time, on average, to 77 days in 2003. In the three States that we looked at, the time was reduced from eight months in 2002 to three months in 2003.

The DHS IG and Select Committee reports and our preliminary work support the conclusion that local first responders may not have anticipated the natural delays that could be expected in the complex process of distributing dramatically increased funding through multiple government levels, while maintaining procedures to assure appropriate accountability.

The available evidence is that the process is becoming more efficient over time as ODP, States, and localities develop processes and procedures for streamlining the distribution of funds. At the same time, it is important that the quest for speed in distributing funds does not hamper the planning and accountability needed to ensure that the funds are spent on the basis of a comprehensive, well-coordinated plan designed to provide first responders with the equipment, skills, and training needed to respond quickly and effectively to a range of emergencies, whether a daily event, such as traffic accidents, or major emergencies involving multiple jurisdictions, whether they are the result of nature, an accident, or a deliberate act.

That concludes my statement, Mr. Chairman. I would be pleased to answer any questions you or other members of the Committee may have. I would ask that my testimony be included in its entirety.

Mr. LATOURETTE. Without objection, so ordered.

Mr. Jenkins, thank you very much for that.

In reviewing your testimony, and also listening to you now, you identified three primary areas of delay—the grant process, the award process, the State and local delays in making purchase decisions, and then their processes and some reimbursement difficulties.

Relative to the first, you indicated that ODP has made some significant progress. You gave us the 292 days to 72 days, and the eight months down to three months. Are there any specific legislative recommendations that you would have for us to straighten out that leg of the stool?

Mr. JENKINS. Do you mean in terms of getting it down quicker?

Mr. LATOURETTE. Yes.

Mr. JENKINS. I do not think so. As I said, right now I do not have any recommendations because the process seems to be sort of working itself out, as both the States and the ODP have worked together to streamline the process. Every indication in 2004 is that the time that was gained in 2003 has continued, but they are still streamlining it. It may not be a problem that needs fixing at this point.

Mr. LATOURETTE. Obviously there is a great deal of excitement when there is an announcement that free money is available. They quickly pass a resolution to say, "Of course, we will take the new—whatever it happens to be." But then they discover that it requires a local match, or it is something that requires that the cash be on hand. Is that where the bulk of the delay has been?

Mr. JENKINS. There are a couple of things. That is the bulk of it. Part of it is just that the expectations were probably a little bit high. I mean, the grants were announced with great fanfare. Since there had not been a lot of money for this purpose—the kind of money that there is now—there really were not procedures and processes in place for dealing with that. Those had to be created. Most of that delay, in terms of creating that, was for the 2002 money.

I mentioned one that had to have a procedure whereas they could basically borrow from other accounts to buy the equipment, get reimbursed, and then repay those accounts, they do not have to do that again. It is in place now so there is no delay from that one particular thing.

These new structures and procedures are becoming institutionalized in the States. It is true that there are some localities that do not have the money or that have problems to front the money. That is why some States are offering to purchase centrally. That makes some sense. Just as AVIS should be able to get better deals on a car than you or I could, if the States are purchasing radios or bio-hazard equipment, they should be able to get discounts that a local jurisdiction may not be able to get.

Mr. LATOURETTE. Do you think Federal guidance is needed to go out and go forth from here to the States and local communities to advise them as we get through 2004 and into 2005? Are these things that you might want to do to prepare yourself in case yourself in case you are going to be seeking? Or do you think the word is out and it is a problem that is going to slowly diminish.

Mr. JENKINS. Well, I think it would be useful. I mean, already there is a website that ODP has created. But I think there probably could be a more proactive effort, for example, to identify best practices for States and localities. “Here are good ways to do this. Here are things that have worked.”

There are a huge variety of ways that this is being done. In Pennsylvania, it is being done through regional structures. As a matter of fact, Pennsylvania passed a law to permit this regional structure to be the grantee, to accept the money. In other places, it goes to counties and passes from counties to localities. I think that is what States need. Given my governmental structure, what are some other places in the country that seem to have addressed this and figured out how to deal with it? Are there practices that we could adopt in our location, given the structure of government that we have?

Mr. LATOURETTE. Thank you very much.

Ms. Norton?

Ms. NORTON. Thank you, Mr. Chairman.

Mr. Jenkins, this issue has probably arisen more in homeland security than any other issue. It is getting the money, “Show me the money” issue. I think your report is the first systematic answer that I have heard as to what has happened. It turns out not to be mainly the fault of the Federal Government. That is very interesting because everyone assumed that it was.

Is the distribution of these funds any different from the distribution of Federal formula funds for grant funds generally?

Mr. JENKINS. Well, most Federal grant funds are reimbursable funds. So in that sense, they are not. There has been some concern by local first responders that these are reimbursable grants. But most Federal grants are reimbursable.

Ms. NORTON. I am not really sure why, except the anxiety, the angst about not getting money in case something happened, if they have to go through this every time they get Federal funds and they get a lot of Federal funds, then why are these delays of so much greater concern than the delay that you would ordinarily have in receiving Federal funds?

Mr. JENKINS. To tell you the truth, we really have not looked at exactly what the causes are in terms of exactly where that angst comes from. But I think there are a couple of things. The expectations were high. There was not that much Federal money available to first responders prior to September 11th.

Stops were at the State level. There were things that the States were used to dealing with. The reimbursable issue has not really been an issue for the States. They deal with the Cash Management Act and the reimbursable requirements under that Act in a variety of grants that they have.

I think some local governments and first responders really were not aware of exactly what the steps they would be required to take, even just their own local steps.

Ms. NORTON. But so much of this money, particularly the first responder money, is meant for counties and cities.

Mr. JENKINS. It is meant for counties and cities.

Ms. NORTON. By the way, they have been among the loudest of the complainers about it. They say that it is bad enough that it has to go to the States and the States complain. But then by the time it gets down to us, it is so long in coming. Again, you have given some indication that is not as much of a problem because we do not usually have as much of this money flowing down, I take it?

Mr. JENKINS. Right. The one thing that does not strike me as unreasonable is one of the reasons that it did not get down in many States: "States, you have to have a plan and submit to us a plan for spending this money before we are going to release it to you."

Ms. NORTON. That is fair enough.

Mr. JENKINS. In some cases, it took a while for local governments to get these plans. One of the States that we looked at, it was six months for them to get their plan together. They were not going to get the money until they had a plan for how they were going to spend it. It took them six months to do that. That strikes me as a reasonable requirement.

Ms. NORTON. This goes really to the Chairman's notion, near the end of what he had to say, that perhaps there is some guidance from the Department of Homeland Security that can be given to prepare people in case they are not already prepared by what they have had to go through. Particularly for unfamiliar local governments, county governments, village governments, and the like, these are the kinds of things that you start doing now if you want some money, or be prepared to face a delay.

Did you make any recommendations in this report?

Mr. JENKINS. No, we have not. This is based on some work that is completed and work that is ongoing. Any recommendations we

have will be in the report that is issued later. We do have a couple of recommendations in the report that will be coming out in a few weeks.

Ms. NORTON. Mr. Chairman, this is a lesson in how bureaucracy works. Sometimes you learn about why bureaucracy does what it does. For example, you get a plan that we live in a Federal republic and there are multiple levels of government. You then come to the conclusion that some of this is just part of the way it has to be, but I do note that the Department of Homeland Security has reduced its time. I believe they had a 45-day deadline.

Mr. JENKINS. It was 45 days for 2003. It is 60 days for 2004.

Ms. NORTON. Where are they now?

Mr. JENKINS. The monies for 2004 have been awarded.

Ms. NORTON. They are meeting their deadlines?

Mr. JENKINS. I do not know if the States are meeting their deadlines. There is a new procedure that ODP has for 2004. They are changing the plans that States need to send up. It strikes us that they are going in the right direction because the plan is going to require that they have a plan on how they are going to use all the money that they are getting from various sources of ODP grants and what projects they are going to spend them on, and how those projects relate to specific first responder goals that they have. That is not a bad idea.

States are going to have to submit those plans. I think they are due in June of this year. Then they will have to report biennially, twice a year, on how they doing with those projects against those goals. But the nice thing about it is that this is getting them to pull together information from all the grants that they are getting, and how they are consolidating the use of those grants towards specific purposes or projects. The ODP witness can tell you more about that. But that does strike us as a good way to go.

Ms. NORTON. Thank you, Mr. Jenkins.

Thank you, Mr. Chairman.

Mr. LATOURETTE. Mr. Jenkins, we thank you very much for your testimony today. You have been helpful to our discussion. Your observations and your completed report, I am sure, will help us as we consider future legislation.

You can go with our thanks.

Mr. JENKINS. Thank you very much.

Mr. LATOURETTE. Now, I would like to welcome our second panel. We are joined this afternoon by Mr. Andrew Mitchell who is the Deputy Director of the office of Domestic Preparedness at the Department of Homeland Security; and Mr. George Foresman, who is the Assistant to the Governor for Commonwealth Preparedness of the Commonwealth of Virginia.

Gentlemen, I want to thank you both very much for being here. Thank you for coming. We invite you to share your thoughts with us for about five minutes.

Mr. Mitchell, we will begin with you.

TESTIMONY OF ANDREW MITCHELL, DEPUTY DIRECTOR, OFFICE OF DOMESTIC PREPAREDNESS, U.S. DEPARTMENT OF HOMELAND SECURITY; AND GEORGE W. FORESMAN, ASSISTANT TO THE GOVERNOR COMMONWEALTH PREPAREDNESS, COMMONWEALTH OF VIRGINIA

Mr. MITCHELL. Thank you, Mr. Chairman and Ms. Holmes-Norton.

My name is Andrew Mitchell. I am the Deputy Director of the Department of Homeland Security's Office for Domestic Preparedness. On behalf of Secretary Ridge and ODP Director Sue Mencer, I am pleased to be here to appear before you today to discuss what we are doing at ODP and what our current programs are, and how we are approaching the process of preparedness for the Nation.

ODP is the primary Federal Government agency responsible for preparing the Nation for a terrorist incident by assisting State and local jurisdictions, regional authorities, and tribal governments in building their capacities to prepare for, prevent, and respond to incidences of domestic terrorism.

Since its creation, ODP has provided assistance to all 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and other U.S. territories. We have trained in excess of 550,000 emergency responders from more than 5,000 local jurisdictions and conducted more than 300 exercises. By the end of fiscal year 2004, we will have provided in excess of \$8.1 billion in assistance and support.

In fiscal year 2004, ODP has provided, through the State Homeland Security Grant Program, \$1.689 billion, the Urban Area Security Initiative, which is \$720 million, the Fire Act Grant Program, which is \$745 million, the Citizens Corps Program, which is approximately \$40 million, and the new Law Enforcement Prevention Grant which is \$497 million. All of those programs, with the exception of the Fire Grant, are distributed through the States and in accordance with the strategic plans that they have developed and submitted to our office.

How States and territories distribute and utilize these funds are influenced by the results of the strategies that Mr. Jenkins just referred to. Those strategies were submitted to our office by January 31st. We do have all the State's strategies in. We have approved all, I think, as of today, with the exception of four. We are working with those four remaining States. We assume that those will be approved very soon.

These assessments and strategies are important to both the States and the Federal Government. They provide information regarding vulnerabilities, capabilities, and future requirements in each State's preparedness goals and objectives.

I think part of the evolution of the program that we have discussed here a little bit this morning with Mr. Jenkins, we are moving away from counting widgets—how many grants, how many of these did you buy, which was the genesis of the program; initially it was an equipment acquisition grant—and looking at developing specific strategic goals and objectives based on the State and local government's articulation of what their requirements and needs are. They allocate funds accordingly and report to us on a consist-

ent basis how they are progressing towards addressing the goals that they have determined.

Since the Department of Homeland Security was created, we have worked continuously with the Congress to try to determine how we can do our job better. We recognize that it is a tough job, but there are always things we can do better. One such Congressional effort is H.R. 3266, introduced by Chairman Cox. It is a major attempt to improve how the Department provides assistance to State and local governments.

Since the bill's introduction, the Department has worked with the staff of the Select Committee, and more recently has provided the Select Committee a White Paper containing the Department's observations and comments on the bill's provision. With your permission, Mr. Chairman, I would like to share those views with your Subcommittee by offering a copy of that White Paper for inclusion in the record.

Mr. LATOURETTE. Without objection, so ordered.

Mr. MITCHELL. Generally, Mr. Chairman, the Department supports much of H.R. 3266 and, in particular supports the bill's intent to further facilitate funding for our Nation's first responders.

However, we have shared several concerns with the Select Committee's staff. For example, we believe that H.R. 3266's Section 1803 Task Force requirements duplicate efforts and responsibilities that already exist under the Homeland Security Act, Section 871, Advisory Committee provisions. Secretary Ridge, pursuant to that section, has created the Homeland Security Advisory Committee in 2003 as a means of providing the Department with a continuing source of advice and comment from our State and local constituents and partners. We believe that it would be more effective and efficient to incorporate any additional roles for activities such as that to be integrated with this existing advisory committee.

A primary focus of this Task Force is also being addressed in our HSPD-8 implementation regarding the development of mission-essential tasks. I will touch on the HSPD-8 implementation later in my presentation.

Funding issues regarding how fast the States and local governments and the Department of Homeland Security to allocate grants has been a major issue of discussion obviously. The Inspector General's report, as Mr. Jenkins just discussed, identifies certain areas. I will not go into your discussions with him, but there are legal impediments. They are unique aspects of local governments and State governments and how they do business that affect that.

We welcome the Inspector General's review. We look forward to implementing some of those things, although I think we have already addressed a number of those issues in the report in our ongoing attempts to streamline this process.

With your permission, Mr. Chairman, I would like to submit a copy of that report for inclusion in the record, also.

Mr. LATOURETTE. Without objection, so ordered.

Mr. MITCHELL. The Secretary believes that it is important to look more closely at the distribution of funds. Obviously the IG report was a good start. But on March 15th of this year, Secretary Ridge announced the creation of the Homeland Security Funding Task

Force. This Task Force is comprised of governors, mayors, county executives, and representatives of tribal governments.

It is taking a very proactive and objective look at how DHS's funding process for State and local systems works, what can be done better, and how we can make it more efficient and effective. It will also identify best practices, as was discussed earlier. Obviously if there is something that works well in a jurisdiction or in one State, we would like to make that information available to others for their consideration.

Information by this Task Force will hopefully help us all do a better job. This Task Force will provide us a report sometime probably in the middle to latter part of June. We will share the results of that Task Force report with the Congress.

Secretary Ridge has also taken a number of steps to ensure that DHS staff and program offices can more effectively support our States and localities. On January 26th of this year, the Secretary informed Congress of his intention to consolidate the Office for Domestic Preparedness with the Office of State and Local Government Coordination to form a new office, the Office of State and Local Government Coordination and Preparedness.

This consolidation is in direct response to requests from the Nation's first responders to provide the emergency response community with a one-stop shop. It will place 25 State and local support programs and initiatives within one office. It will ensure the simplified and coordinated administration of these programs, eliminate duplication across program lines, and heighten the complementary aspects of these programs.

Further, by linking these programs to the States' strategic plans and assessments, the consolidation will maximize the impact of these program funds on the States and localities. We are also continuing to look towards efforts to develop preparedness standards and establish clear methods for assessing State and local preparedness.

On December 17th, as the Chairman indicated, the President signed HSPD-8, tasking Secretary Ridge, in coordination with other Federal departments, State, and local jurisdictions, to develop national preparedness goals to improve delivery of Federal preparedness assistance to State and local governments, and strengthen the preparedness capabilities of Federal, States, and local governments inherent to the successful implementation of HSPD-8.

Is the development clear to define all measurable standards for State and local preparedness capabilities? Are these standards built on an existing body of standards and guidance developed by ODP and other Federal partners to guide and inform State and local preparedness efforts?

Again, with your permission, Mr. Chairman, I would like to submit for inclusion in the record a summary of the standards and guidelines issued by ODP over the last several years that we will utilize as we start this process.

Mr. LATOURETTE. Without objection, so ordered.

Mr. MITCHELL. HSPD-8 would establish these policies of the United States to permit and respond to threats or actual domestic terrorist attacks, major disasters, and other emergencies. It re-

quires a national domestic all-hazards preparedness goal establishing mechanisms for improved delivery of Federal preparedness assistance to State and local governments and outlining actions to strengthen preparedness capabilities of Federal, State, and local entities.

HSPD-8 assigns the Secretary of Homeland Security as the principal Federal official for coordinating the implementation of all-hazards preparedness in the United States, in cooperation with other Federal agencies and departments. Consistent with the Department's responsibilities, the Secretary named the Director of the Office for Domestic Preparedness to oversee HSPD-8 implementation.

In its role of HSPD-8 oversight, ODP has developed an implementation concept which maps the response to the requirements into four interrelated initiatives—to create a national preparedness strategy, balance the Federal portfolio of preparedness investments, establish a national training and exercise program, and develop a national preparedness assessment reporting system.

To ensure cross-governmental participation, ODP has established an HSPD-8 planning framework. This framework consists of an HSPD-8 Project Management Team, a Senior Steering Committee, and three integrated concept teams. The Senior Steering Committee, is chaired by ODP Director, Sue Mencer. The integrated concept teams are comprised of representatives from organizations, Federal departments and agencies, as well as State and local governments with significant roles as providers or recipients of Federal preparedness assistance.

HSPD-8 specifically defines all-hazards preparedness as preparedness for terrorist attacks, major disasters, and other emergencies. With your permission, Mr. Chairman, I will provide an HSPD-8 summary, a key milestone fact sheet for the record.

Mr. LATOURETTE. Without objection, so ordered.

Mr. MITCHELL. In closing, let me restate Secretary Ridge's commitment to support the Nation's State and local emergency response community, and to ensure that America's first responders receive the resources and support that they require to do their jobs.

That concludes my statement. I would be happy to answer any questions the Subcommittee may have. Thank you. I would ask that my testimony be included in its entirety.

Mr. LATOURETTE. Without objection, so ordered.

We thank you very much.

Mr. Foresman, thank you for coming. We look forward to hearing from you.

Mr. FORESMAN. Mr. Chairman, thank you. Congresswoman Norton, thank you. I will just offer to you that I spent Tuesday morning in the dentist's chair so I know very much where you are right now.

Mr. Chairman and members of the Subcommittee, since this Nation experience the tragic attacks on September 11th, much progress has been made in terms of righting this on the part of States, communities, and our Federal family to prepare for emergencies and disasters of all kinds, to include terrorism. This is important. It makes a difference in lives saved, property protected, and negative economic consequences minimized.

This past weekend, a line of severe thunderstorms moved through Northern Virginia. Trees were down; power was cut to more than 50,000 Virginia citizens; and local and State officials rapidly reacted to the multiple calls for assistance. They were less concerned about what caused the crisis, focusing on the need to assess the situation to ensure the safety of their citizens.

That event clearly illustrates that for us in Virginia, and for that fact, in America, that we are confronted on a daily basis by a number and variety of crises that threaten both the fiscal and economic well-being of our citizens. Successfully responding to these types of crises, just as occurred on September 11, 2001, depend on the synchronization of efforts by a multitude of organizations at all levels of government, the private sector, and our citizens.

I would offer, Mr. Chairman, that this Nation possesses a well-documented, a well-understood, and a strategic approach for synchronizing the efforts of government in responding to a crisis, irrespective of the hazard. In all that we do from this day forward should do more to empower that.

September 11th did underscore two important facts. The component of our national system needed a better plan, train, and exercise together. Required equipment must be obtained according to preestablished and shared goals to address the plethora of issues associated with managing the unique aspects of a terrorist event. This was known and articulated previously by those on the front lines of readiness.

What changed for this Nation, for Virginia, and for communities around America on that day was the level of support among leaders to putting resources into making this type of coordination possible and a priority. In other words, an all-hazards approach.

Secondly, September 11th underscored that the readiness of our national system in each of its component disciplines and levels of government required substantial investment to address the types of evolving risk and hazards potentially caused by a terrorist attack.

I believe that Virginia's experience illustrates that an all-hazards approach provides for the type of tangible benefits needed to manage the full range of risks that we face. When Governor Warner established the post of Assistant to the Governor for Commonwealth Preparedness—not the Director of Homeland Security—but Commonwealth Preparedness in January 2002, he did so not knowing that America would create a Department of Homeland Security. He did not know that Federal, State, and local spending and policy would be dramatically altered, and he did not know whether another attack was imminent.

He did know, however, Mr. Chairman, that Virginia needed to be as flexible as possible to manage our risks in terms of what we knew at that time and what we did not know in terms of the future. Our job is not to create a parallel structure to manage the risks of terrorism. It is to work with and through other State, local, and Federal partners to create an enterprised approach to preparedness. Our job is synchronizing the efforts of people, money, and policy to prepare for the full range of potential emergencies and disasters of all kinds, including terrorism.

Mr. Chairman, recognizing that our time is a little bit short this afternoon, I would like to briefly turn to the issue of funding. Mr.

Jenkins and Mr. Mitchell both, I think, gave a good overview of the nature of the situation. This is one of the few times as a State official that I will sit before a Congressional committee and say I am in violent agreement with everything that they said.

But let me briefly discuss a number of issues. Additional resources, coupled with adjustments in State and local funding focus, because of the shift in the post-9/11 environment, have been welcome for first responders, emergency managers, public health officials, and a host of other officials charged with ensuring the safety and security of our citizens.

We are seeing measurable advances in the abilities of local, State, and Federal officials to prevent, respond to, and recover from emergencies and disasters of all kinds, including terrorism.

Mr. Chairman, I underscore this point. We cannot—we absolutely cannot measure our progress as a Nation in terms of dollars spent. In the aftermath of September 11th, and subsequent Anthrax attacks, the first major area to see dramatic increases in Federal funding was bio-terrorism with more than \$1.2 billion of Federal funding, targeting and beginning to flow to communities and States by the spring of 2002. Major increases of Federal funding for the so-called first responder community and related activities did not materialize until well in 2003.

DHS has done a monumental job in developing a systemic program to address the flow of funding which essentially is a \$8 billion increase in what we were doing in this country in the last two years.

What I would offer, I think, in terms of the Federal funding process is that we have seen major issues with regard to the flow of Federal dollars to States, from States to communities, and even from communities to other communities where it flows, for instance, to a county and to a city.

As Mr. Mitchell pointed out, Secretary Ridge appropriately recognized the complexity of the challenge to get funding to States and communities in a manner that will allow us to report back to you and to the American people on the progress we have made.

This past March, Secretary Ridge did, in fact, ask representatives of key local and State stakeholder organizations to work with the Department of Homeland Security to assess the funding situation and to make recommendations on what is working and what is not, and to provide tangible recommendations that would help alleviate both real and perceived concerns. Our governor, Governor Warner, is a member of the Task Force. I have been privileged with it during the past 60 days.

Mr. Chairman, I will not presuppose the recommendations that the Task Force is going to make, but one thing I would observe is this: Mr. Jenkins and Mr. Mitchell both made substantial comments today with regard to the flow of Federal funds. Everything I heard here is reflected in what we are seeing in Virginia. What we are seeing reflected in Virginia, I think, will be reflected in the Task Force report in terms of a systematic approach to fixing some of the challenges that we have with regard to the movement of money.

Mr. Chairman, one thing is clear. Today, Virginia and this Nation are much better prepared for emergencies and disasters of all

kinds, including terrorism. That is because we have taken an all-hazards approach. Every day there are hundreds and thousands of men and women working hard to fight crime, address infectious disease outbreak, fight fires, and to keep our citizens safe and secure from the full range of risks that we face.

None of us knows what the next crisis will be, but we do know that there will be one. Irrespective of its cause, our job is to make sure that we have a systemic process, an enterprise approach, that can address the full range of prevention, response, and recovery actions needed. That enterprise approach provides for an all-hazards capability of readiness that will give us the full capability to deal with the next surprise. Key to this readiness is moving from concept to completion by applying funding resources effectively.

Mr. Chairman, my one admonition, as I look at the plethora of activities that are going on out there, is this. Major adjustments in the funding process right now is not what we need. As an official who is charged on a day-to-day basis with making sure that we get money where it is needed into the hands of first responders, I wholeheartedly agree with what Mr. Jenkins said that our system is beginning to mature. State and local officials are beginning to get their arms around the complexities and the challenges of administering an \$8 billion improvement enterprise.

Fundamentally, I think we need to recognize that from a Federal grant program perspective, this effort is very much in its infancy. We need to let it grow and mature a little before we start determining whether we need to make major changes in how we are raising the child.

Mr. Chairman, and Congresswoman Norton, thank you for the opportunity to be here today. I would ask that my testimony be included in its entirety.

Mr. LATOURETTE. Without objection, so ordered.

Thank you very much for your fine testimony. It looks like we may dodge the votes. We will move as quickly as we can through our questions so you do not have to sit around for an hour while we go do that. I appreciate your patience.

Mr. Mitchell, one of the things that concerns me about HSPD-8 and your observations and some of the things that I see going on around here, not only at the Department, but also on the Select Committee that Ms. Norton sits on is that a lot of people are talking all-hazards, but I see them doing terrorism only. I think that makes us nervous. It makes me nervous, and I think a lot of the members of this Committee are as well. I know the gentlelady has spoken on the subject.

We had a full committee hearing yesterday or the day before. Our Chairman, Ms. Norton, and Mr. Oberstar got us all whipped up into a frenzy. I am glad that you did not see us on that day. That dealt with "Why, for crying out loud, is the Department of Homeland Security in the real estate business when you do not do real estate? Why is the Department of Homeland Security in the Coast Guard business when there are people who have dealt with Coast Guard issues for years and years."

I do have a couple of questions that relate to HSPD-8 and also some appearances by officials from the Department and other venues that I want to talk to you about. One was that there was

a document that talks about what the Department is doing to establish standards for equipment and training. There was a hearing before Energy and Commerce here where there was a representative from the Health and Human Services Department who indicated that those efforts seemed to be duplicative of the efforts that they were currently engaging in relative to the training of health care workers.

I know you talked about some intergovernmental coordination. Can you share with us what the Department is doing to make sure that you are not reinventing things that we do not need to reinvent and what you are doing over at Homeland Security is not also being done over at HHS?

Mr. MITCHELL. Mr. Chairman, I think I had the privilege of attending and testifying at that same Committee that you just referred to with Bill Ropp from HHS. I am quite confident, at least from the outreach programs and the programs that are developed for State and local governments that we have a long history of working very collaboratively with HHS prior to September 11th and prior to the creation of the Department of Homeland Security.

Our primary focus is on the first response community, the public safety community—police, fire, HAZMAT, and EMS. I think we have had a very effective relationship. Our people get them to the emergency room door and then HHS handles the internal part—the emergency room doctors, the technicians, and the acute care physicians.

Obviously in my previous role in the Department of Justice and my current role in the Department of Homeland Security, I was not and am not a medical specialist. People on my staff are not. We are quite comfortable, I think, that we have the right combination of programs.

I cannot speak to the resources that they have, whether those are adequate for what they do or what their requirements are. But I think that the coordination aspect between the two Departments has been quite good.

Mr. LATOURETTE. Good. I thank you for that.

The Department submitted a White Paper on H.R. 3266 that, in part, indicates that grants should not support “normal” first responder activities. I think this goes to the core of what I was trying to get at before. It is difficult for me to believe that a first responder in the first hours or minutes after a disaster strikes is able to determine whether or not this is a terrorist attack or whether it is something else that has happened.

How are we going to ferret out what normal first responder activities are that are not subject to receiving funding, at least in the opinion of the Department?

Mr. MITCHELL. Well, I think that is part of the goal of the consolidation that I mentioned where in the Department, the Secretary consolidated some 25 preparedness programs in one office. I think the issue is not whether the Department is all-hazards or whether it is terrorism, I think the issue is that it is both. In all-hazards, terrorism is one of many hazards. There are certainly statutory Congressional imperatives, and I think certainly the American public and the Administration would agree that there is

a particular emphasis on the threat posed domestically by terrorist incidents.

But I do not believe that one is at the exclusion of the other. They are all complimentary—the basic emergency management system of this country, the basic fire, EMS, and law enforcement activities, the day-to-day things that occur, as George mentioned, every day.

With the Fire Act program that has been moved to our office, that program continues to have its unique focus on meeting those basic needs of the American fire service. It has not been changed. It has not been integrated. It has a separate part that is integrated into the broader Homeland Security Block Grant Program. There were some people that were concerned about that.

I do not believe, and I certainly have not seen any indication that there is any goal to be one or the other. A lot of the investments that we are making in homeland security technology involve inter-operable communications, detection equipment upgraded much more safely and efficiently, and personal protective equipment—respiratory equipment for our fire and HAZMAT personnel. They use those in their day-to-day operations. We are not buying an enormous amount of esoteric equipment that just sits there waiting for a terrorist incidence to occur.

I am quite confident that the mission as described in HSPD-8 is all-hazards. All-hazards are what the DHS does. But we have particular emphasis in both areas for basic emergency management, basic public safety, as well as specific directed funds to deal with a terrorism threat specifically.

Mr. LATOURETTE. Good. I appreciate that answer. I am not going to continue to beat a dead horse, but that is the concern. I think I speak for most members of this Committee. I will not use a first responder example, but we will use the example of the Coast Guard on Lake Erie.

We very much want the Coast Guard to do its job in making sure that our borders are secure as a part of the terrorism and homeland security, but we still want them to pull us out of the water when we are drowning. We still want them to keep reign on those pesky drunk Canadians that come over every once in a while to our shores.

[Laughter.]

Mr. LATOURETTE. I have a lot more questions, but I think since the bells have gone off, and I know Ms. Norton has an event that she has to attend at 1:30, let us see if we can get her questions in. I will submit some questions to both of you, if you would be so kind to answer.

Ms. Norton?

Ms. NORTON. Thank you very much, Mr. Chairman.

Actually, you could clear up my multiple questions really with one overarching question. Like the Chairman, I instinctively, and even at an intellectual level, believe in an all-hazards approach. I am not for wasting Government money by trying to divide things up and making no rational sense. You can certainly understand that when it comes to masks, the inter-operability of emergency vehicles and training.

We have not had, fortunately, a lot of experience except with natural hazards since 9/11. Are you prepared to say that at the operational level, the all-hazards approach leaves us fully equipped to deal with the WMDs and explosives and bioterrorism, Ricin, and Anthrax, and that it really does all come together so that you are confident that the county or the city first responders are fully interchangeable, even given differences in these risks and threats?

Mr. MITCHELL. Well, I cannot commit that as today we are fully prepared for any and all threats. I think, as George said, that we are much more prepared for the wide ranging threats that we do face, both natural and man-made than we have been previously. I think this time next year it will be better.¹

Ms. NORTON. I am really asking another question. I think we have done very well in tooling up. I am asking another question of whether or not in operation the natural disasters and the terrorist threats are interchangeable and people can just go from one to another, assuming the proper training, even though a hurricane is very different from Ricin or explosives.

Mr. MITCHELL. Well, I think at some level, obviously the response is going to be the same. But a terrorist incident does afford different challenges that we do not face in natural disasters. One, it is a crime. There are national security implications. It is quite a different situation. Hurricanes can be extraordinarily devastating, but they are not malevolent. They are not predatory. They are not adaptive. They come and we can track them.

Terrorists are adaptive. They are predatory. They watch what we do. They change their tactics. That is a completely different adversary than we face in the historical perspectives and experience we have in dealing with natural disasters.¹

Ms. NORTON. I will tell you that I do not think that much matters after the fact. When the first responder goes in, it does not much matter that there was a predator that did it. A hurricane is a predator.

Mr. Foresman looks like he may have an answer. I just want to know whether the first responder is given the all-hazards approach, which we prefer, is truly prepared for all hazards given how different the nature of the hazards truly are?

Mr. Foresman?

Mr. FORESMAN. Ms. Norton, I would like to address that briefly with three quick answers. First, we are never going to be fully prepared. We are never going to eliminate 100 percent of the risks in this country. Having said that, operationally, and particularly here in the National Capital Region, you know we work closely with our partner organizations. We are much better prepared because of the all-hazards approach for the full range of events that have struck.

If we had spent all of our time focused on the nexus of terrorism since September 11th, we would not have done well as a region in responding to Hurricane Isabel. We would not have done well as a region in responding to the sniper event in 2002. I see every day real operational examples.

The other part to that answer, though, is that there are some specialty issues associated with responding to a weapon of mass destruction, responding to a conventional attack to a terrorist attack,

that you are not going to see with a natural disaster. There are specialty types of—

Ms. NORTON. And you may not even know.

Mr. FORESMAN. And you probably will not know for the first several hours of the event. I think what I would offer is that as we are seeing this enterprise approach to preparedness—an all-hazards approach—it says, “Look at all of the risks that you have out there. Measure all those risks. Compare them individually and collectively against one another.”

You as Congress, our governors, our state legislatures, city councils, and local officials have to make a value-added judgment of how to balance all those risks out there. I think very much what we are seeing is that right now we want to make sure that every first responder in the National Capital Region has two sets of turn-out gear. That is kind of a pretty basic type of thing, but if one set gets contaminated, we want to make sure that they are still operational.

That is going to be great if we have a chemical weapons attack. That is also going to be wonderful if we have a hazardous materials incident on 495 because a truck gets cut off by a car.

So at the end of the day we very much are seeing measurable progress because of that all-hazards approach. I personally believe—and this is a humble opinion based on 20 years—that if we focus exclusively on one threat, we focus exclusively on trying to manage one risk, we infinitely become much more vulnerable as a Nation and as a community because, as Andy pointed out, terrorists are adaptable. For everything we do today, they are going to figure out a way around it. So as we continue to move this kind of broad enterprise approach forward, we are going to make it harder for them to get in front of us.¹

Ms. NORTON. Thank you.

Thank you, Mr. Chairman.

Mr. LATOURETTE. I thank the gentlelady very much. I again want to thank both of you for coming today. I apologize for the votes getting in our way. We may all have a couple of questions that we could send to you. If you would be so kind, please respond to those.

Without objection, so ordered.

We really appreciate your participation today, as well as you, Mr. Jenkins.

If there is nothing further, the subcommittee is adjourned.

[Whereupon, at 1:46 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

Testimony of
The Honorable George W. Foresman
Assistant to the Governor
Commonwealth of Virginia

Before The
House Committee on Transportation and Infrastructure -
Subcommittee on Economic Development, Public Buildings and
Emergency Management

May 13, 2004

Mr. Chairman, Mr. Ranking Member and members of the Committee, thank you for the opportunity to appear before you today to discuss the important issue of preparing America to address the threat of terrorism within the context of the other risks we face as a nation.

Three perspectives inform my comments today. First I currently serve as the Assistant to Virginia Governor Mark Warner for Commonwealth Preparedness, a Cabinet level position responsible for ensuring the Commonwealth's readiness for emergencies and disasters of all kinds, including terrorism.

Secondly, I was privileged to serve as a member and Vice-Chairman of the Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction created by Congress in 1998 to assess our collective national ability to prepare for and respond to acts of terrorism. This past December we delivered our fifth and final annual report to Congress and the President.

Finally, I have been closely involved with local, state and federal prevention and response initiatives during the past 20 years – as a first responder, staff member and executive leader.

Since this nation experienced the tragic attacks on September 11, 2001, much progress has been made to enhance our individual local, state, federal, private sector and citizen

readiness as part of a larger national effort to prepare for emergencies and disasters of all kinds. This is important. It makes a difference in lives saved, property protected and negative economic consequences minimized.

But I would point out that our national effort did not begin on that sunny day in September 2001. The events of that day became a rallying point for a greater dedication of effort to build upon existing systems, processes and lessons of past tragedies. As a nation we have harnessed commitment of leaders in communities, state capitols, boardrooms, family rooms and America's capitol who have cast the smoking ruins of the Pentagon, World Trade Center and a rural field in Pennsylvania as a galvanizing factor to accomplish a safer and more secure America.

This past weekend a line of severe thunderstorms moved through Northern Virginia a little more than 40 miles to the South of this building. In the wake of the storms, trees were downed and power was cut to more than 50,000 Virginia citizens. The first responders along with other local and state officials who rapidly reacted to the multiple calls for assistance were less concerned about what caused the crisis -- focusing on the need to assess the situation and to ensure the safety of their citizens.

This event clearly illustrates that Virginia and for that fact America are confronted with crisis' every day that threaten both the physical and economic well being of its citizens. Successfully responding to these types of crisis, just as occurred on September 11, 2001, depend on the synchronization of efforts by a multitude of organizations at all levels of government and in the private sector as well as by our citizens.

Let me be clear to the members today. This nation possesses a well documented and a well-understood strategic approach for synchronizing the efforts of government in responding to a crisis, irrespective of the hazard. We successfully utilized this strategic approach in dealing with every major emergency and disaster that has struck the United States in the past 20 years, including on September 11th.

Having said that, the events of that day underscored two important facts. First, all of the components of our national system need to better plan, train and exercise together, and required equipment must be obtained, according to pre-established and shared goals to address the plethora of issues associated with managing all aspects of an incident. This is not a new revelation. It existed prior to September 11th and was known and articulated by many of those who were on the front line of readiness. What changed on that day was the level of support among leaders to putting the resources into making this type of coordination possible and a priority.

Secondly, September 11th underscored that the readiness of our national system and each of its component disciplines and levels of governments required substantial investment to address the types of evolving risk and hazards potentially caused by a terrorist attack. With the exception of the first bombing of the World Trade Center in 1993 and the 1995 bombing of the Murrah Federal Building in Oklahoma there were few galvanizing incidents related to terrorism in this nation or elsewhere that produced the wholesale support for improved readiness. Investments targeted in the later half of the decade of the 1990's were for the most part focused on Weapons of Mass Destruction in the context of chemical, biological and radiological/nuclear weapons. While the use of planes as weapons resulted in mass destruction they did not fit the profile of what the federal guidance was suggesting that states and communities prepare to address. This is not a criticism. It is a simple recognition of where "policy" was at that point.

I believe that Virginia's experience and its success illustrates that an "all hazards approach" provides the type of tangible benefits needed to manage the full range of nations risks. When Governor Warner established the post of Assistant to the Governor for Commonwealth Preparedness in January 2002 he did so not knowing that America would create a Department of Homeland Security, he did not know that federal, state and local spending and policy would be dramatically altered and he did not know whether another attack was imminent. He did know, however, that Virginia needed to be as flexible as possible to manage our risk in terms of what we knew at that time and what we did not know in terms of the future.

Our job was not then and it is not now to create a parallel structure to manage the risk of terrorism. It is to work with and through other Cabinet officials, agency heads and a variety of other state staff along with our partners at the local and federal levels as well as in the private sector and with citizens to create an enterprise approach to preparedness. Our job, simply put, is synchronizing the efforts of people, money and policy to prepare for the full range of potential emergencies and disasters of all kinds, including terrorism. When Virginia's system can better manage a terrorist event it can better manage a natural disaster, naturally occurring disease outbreak or a major criminal event and vice-versa.

It is absolutely appropriate in the current time that we have a very deliberate focus on the risks caused by terrorism. The physical, economic and societal implications of the threat are enormous. But we must also balance the terrorist threat against the very real and all be it more likely scenario of a major natural or technological emergency or disaster occurring that while not intentional, inflicts a comparable level of destruction. In my humble opinion trying to closely compartmentalize the flow of federal funding, so that it does not encourage an all hazards approach, in favor of a single risk makes us potentially more and not less vulnerable. We need to manage America's risks in the same manner that corporations do. We must clearly understand the full range of risks we face and address them both individually and collectively to the level leaders feel is reasonable and appropriate given other legitimate competing priorities.

In Virginia we have spent much of our time during the past two and one half years focused on addressing the reality of terrorism – not to the exclusion of the other risks we face but in addition to. Last year when Hurricane Isabel left in her wake 33 deaths, more than 1.6 billion dollars of property damage and 1.8 million electric customers in the dark it was our approach to all hazards readiness that made the difference. Much of the more recent planning, equipment and training supported in part by homeland security funding provided the nexus for improved response and recovery to Isabel. Our lessons learned from Isabel will serve us well if the next crisis is Al Qada.

Also, when the National Capital Region was gripped by fear with the sniper attacks of 2002, many of the national strategies for enhanced coordination served as the basis for improved sharing of information among local and state law enforcement officials and communication with the public. These responses are just two examples of the major enhancements possible for America's readiness and it's because we have taken an enterprise approach to prevention, response and recovery – an all hazards approach.

Let me discuss the issue of funding. Additional federal resources coupled with adjustments in state and local funding focus because of the shift in priorities post 9-11 have been welcome. We are seeing measurable advances in the abilities of local, state and federal officials to prevent, respond to and recover from emergencies and disasters of all kinds including terrorism. We must, however, resist the urge to measure our progress simply in terms of dollars spent.

In the aftermath of the September 11th and subsequent Anthrax attacks the first major area to see a dramatic increase in federal funding was bio-terrorism with more than 1.2 billion dollars of federal funding targeting and beginning to flow to communities and states by the spring of '02. Major increases of federal funding for so called "first responders" and related activities did not materialize until well into 2003. Virginia for instance received its initial notification of award for FY '03 State Homeland Security Grant Program Part I on March 7, 2003 and for Part II on May 14, 2003. We subsequently received approval of our proposed allocation approach on May 7, 2003 for the Part I monies and June 4, 2003, for the Part II monies.

That approval represents a first step in a federal funding process that has been appropriately encouraged by Congress and the Administration to ensure measurable advancement in capabilities. Missing in much of the rhetoric about the flow of funding is the absolute necessity for communities and states to weigh carefully how to best utilize funds to address the most pressing needs and the actual time needed for them to go through their process for procurement, delivery and utilization of resources acquired with

these federal dollars. The continuing goal must be to spend money wisely to apply resources effectively and not to simply spend dollars.

The movement of federal funding resources for “first responders” has been the source of much discussion during the past year. Secretary Ridge appropriately recognizes the complexity of the challenge and the need to get funding to communities and states and do so in a manner that will allow local and state officials to report back to Congress and the American people on the progress made. This past March he asked representatives of the key local and state stakeholder organizations to work together with the Department of Homeland Security to assess the funding situation – what is working and what is not – and to provide him recommendations that would help alleviate real and perceived concerns. Governor Warner is a member of the Task Force and I have been privileged to work closely with it on his behalf during the past 60 days.

I have found a genuine commitment among all local, state and federal participants to fairly and accurately judge the status of efforts. It would not be proper for me to pre-suppose their recommendations or what action Secretary Ridge might take. But I think it has been a profound learning experience for all of us. The one thing that was clear to me, however, is that there is a unanimous desire for success. I expect that the assessment of the Task Force can measurably assist with informing Congressional action for continued improvements in the funding process as well as identify best practices that can be used by others.

This Congress is currently considering legislation to adjust the manner by which federal funding is allocated and flows. Personally, I believe a risk based allocation system makes good practical sense in theory. I also believe that we are many years away from being able to implement such an approach. There is no systematic manner by which threats and risks are measured under a consistent national standard across communities, states, critical sectors and disciplines. In other words, no way to make apple to apple comparisons as the basis for allocations. Such an approach while laudable and

reasonable will require significant investment of time and effort – well worth it. It should be a goal for the future but we are simply not there yet.

I also believe that major adjustments to the current funding process could be counter-productive. As I said earlier there is a Task Force looking at the issue. Continuing and major changes to funding processes will cause an interruption in momentum. Local and state officials are just beginning to get their arms around the intricacies of the current funding processes. Where possible it appears that program adjustments are being made by the Department of Homeland Security to facilitate the flow of dollars.

Going back to an earlier comment, the major infusion of cash for the “first responder community” is just about one year old. In federal funding timelines that is infancy. While I am one who wants to quickly get money to where it will do the most good, I am also a realist. I have worked with federal grant programs for nearly 20 years and they never seem to be fast or flexible enough. But then again I am impatient and ultimately realize that there is a fine balance between speed and accountability. I must say that for the most part federal grant programs seek to achieve an equitable approach. My perception is that the funding processes are beginning to mature. I believe that we must balance our desire for instant success against the real need for a deliberate approach to provide sustainable and measurable investments that make America safer and more secure.

Today Virginia and this nation are much better prepared for emergencies and disasters of all kinds, including terrorism. Every day there are hundreds of thousands of men and women working hard to fight crime, address infectious disease outbreaks, fight fires and to keep our citizens safe and secure from the full range of other risks that we face. None of us knows what the next crisis will be. But we do know that there will be one. Irrespective of its cause our job is to make sure we can address the full range of prevention, response and recovery actions needed. An enterprise approach that provides for an all hazard capacity of readiness will give us the ability to deal with the next

surprise. Key to this readiness is moving from concept to completion and applying funding resources efficiently.

Thank you for the opportunity to testify and I will be happy to answer any questions.

United States General Accounting Office

GAO

Testimony Before the Subcommittee on
Economic Development, Public Building
and Emergency Management, House
Committee on Transportation and
Infrastructure

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EMERGENCY PREPAREDNESS

Federal Funds for First Responders

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



GAO-04-788T



Highlights of GAO-04-788T, a report to Subcommittee on Economic Development, Public Buildings, and Emergency Management, House Committee on Transportation and Infrastructure

Why GAO Did This Study

The terrorist attacks of September 11, 2001, highlighted the critical role first responders play at the state and local level when a disaster or emergency strikes. In fiscal years 2002 and 2003, Congress appropriated approximately \$13.9 billion for domestic preparedness. A large portion of these funds were for the nation's first responders to enhance their ability to address future emergencies, including potential terrorist attacks. These funds are primarily to assist with planning, equipment purchases, training and exercises, and administrative costs. They are available to first responders mainly through the State Homeland Security Grant Programs and Urban Area Security Initiative grants. Both programs are administered through the Department of Homeland Security's Office for Domestic Preparedness.

In this testimony, GAO addressed the need to balance expeditious distribution of first responder funds to states and localities with accountability for effective use of those funds and summarized major findings related to funding distribution delays and delays involving funds received by local governments, as presented in reports issued by the Department of Homeland Security Office of Inspector General and the House Select Committee on Homeland Security. The testimony incorporated supporting evidence on first-responder funding issues based on ongoing GAO work in selected states.

www.gao.gov/cgi-bin/getrpt?GAO-04-788T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William O. Jenkins, Jr. at (202) 512-8777 or jenkinswo@gao.gov.

May 2004

EMERGENCY PREPAREDNESS

Federal Funds for First Responders

What GAO Found

The reports of the Department of Homeland Security Office of Inspector General (OIG) and the House Select Committee on Homeland Security examined the distribution of funds to states and localities. Both reports found that although there have been delays in getting federal first-responder funds to local governments and first-responder agencies, the grant management requirements, procedures, and processes of the Office for Domestic Preparedness (ODP) were not the principal cause. According to the OIG's report, in fiscal years 2002 and 2003, ODP reduced the time required to provide on-line grant application guidance to states, process grant applications, and make grant awards. For example, for fiscal year 2002 grants, it took 292 days, on average, from the time the grant legislation was enacted to the awarding of grants to states. For fiscal year 2003 grants, the total cycle was reduced to 77 days, on average.

According to the reports, most states met deadlines for subgranting first-responder funds to local jurisdictions. The fiscal year 2003 State Homeland Security Grant Programs and Urban Area Security Initiative required states to transfer 80 percent of first-responder grant funds to local jurisdictions within 45 days of the funds being awarded by ODP. Most states met that deadline by counting funds as transferred when states agreed to allocate a specific amount of the grant to a local jurisdiction, the OIG's report found. The House Select Committee staff concurred. And in the three states GAO examined, states certified they had allocated funds to local jurisdictions within the 45-day period.

Delays in allocating grant funds to first responder agencies are frequently due to local legal and procedural requirements, the OIG's report found. State and local governments sometimes delayed delivery of fiscal year 2002 grant funds, for example, because governing and political bodies within the states and local jurisdictions had to approve and accept the grant funds. GAO's work indicated a similar finding. In one state GAO reviewed, roughly four months elapsed from the date the city was notified that grant funds were available to the date when the city council voted to accept the funds.

Both reports GAO reviewed found that state and local procurement processes have, in some cases, been affected by delays resulting from specific procurement requirements. While some states purchase first-responder equipment centrally for all jurisdictions, in some instances, those purchases are made locally and procurement may be delayed by competitive bidding rules, among other things.

It is important to note that those who manage homeland security grants to states and local governments must balance two sometimes competing goals: (1) getting funds to states and localities expeditiously and (2) assuring that there is appropriate planning and accountability for the effective use of the funds.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss federal funding for first responders. The events of September 11, 2001, spotlighted the critical role that the nation's first responders play in responding to and mitigating the effects of a terrorist attack. In fiscal years 2002 and 2003, Congress appropriated nearly \$13.9 billion for domestic preparedness programs. The largest sources of federal funds for first responders were the State Homeland Security Grant Programs (in fiscal year 2002 called the State Domestic Preparedness Program), distributed to states¹ using a formula that provides each state a base amount plus additional funds based on population, and the Urban Area Security Initiative Grants, distributed to selected urban areas based on such factors as population density, critical infrastructure, and potential threats. These monies were generally available for planning, equipment, exercises, training, and administrative costs.

My statement provides:

- A brief discussion of some basic issues associated with using first responder funds effectively.
- The major findings reported recently by the Department of Homeland Security (DHS) Office of Inspector General² (OIG) and the House Select Committee on Homeland Security³ (House Select Committee) on the reasons for delays in distributing first responder funds to local governments and delays in using those funds once received.
- Some examples from our work in three states that support the findings in these two reports. Our work to date has provided no information that would contradict the major findings of these two reports.

Scope and Methodology

GAO is currently conducting several reviews related to first responder grants. One of these reviews, to be published within the next few weeks, addresses issues of coordinated planning and the use of federal grant

¹ Funds are also distributed to the District of Columbia, Puerto Rico, and the four territories.

² Department of Homeland Security: Office of Inspector General, *An Audit of Distributing and Spending "First Responder" Grant Funds*, OIG-04-15 (Washington, D.C.: Mar. 2004).

³ House Select Committee On Homeland Security, *An Analysis of First Responder Grant Funding*, (Washington, D.C.: April 2004).

funds for first responders in the National Capitol Region, which encompasses the District of Columbia and 11 surrounding jurisdictions. Another effort is focused on intergovernmental efforts to manage fiscal year 2002 and 2003 grants administered by the Office for Domestic Preparedness (ODP) within the Department of Homeland Security (DHS).

Because much of our work in this area is ongoing and our findings remain preliminary, my testimony today will focus principally on the major findings of the reports on preparedness funding issued by the DHS OIG and the House Select Committee, supplemented by some examples from our work in four selected locations in three states. Our analysis focused on three ODP grant programs: the State Domestic Preparedness Grant Program of fiscal year 2002, with \$315,440,000 in appropriations, and the fiscal year 2003 State Homeland Security Grant Programs, Parts I and II, with appropriations of \$566,295,000 and \$1,500,000,000, respectively. The purpose of this work was to document the flow of selected fiscal year 2002 and 2003 grant monies from ODP to local governments and the time required to complete each step in the process. In doing this work, we met with state and local officials in each state and obtained and reviewed federal, state, and local documentation. We did this work between December 2003 and February 2004 in accordance with generally accepted government auditing standards.

Background

In recent months, the Conference of Mayors, members of Congress, and others have expressed understandable concerns about delays in the process by which congressional appropriations for first responders reach the local fire fighter, police officer, or other first responder. The reports by DHS OIG and the House Select Committee examined the distribution of homeland security grant funding to states and local governments to understand what obstacles—if any—prevent the expeditious flow of grant funding from the federal government to state and local governments.

In March 2003, ODP was moved from the Department of Justice to the DHS. In fiscal years 2002 and 2003, ODP managed about \$3.5 billion under 16 separate grant programs. Generally, states and local grant recipients could use these funds for some combination of training, new equipment, exercise planning and execution, general planning efforts, and administration. The largest of these grants were the State Homeland Security Grant Programs and the Urban Area Security Initiative grants. In both grant programs, states may retain 20 percent of total state grant funding but must distribute the remaining 80 percent to local governments within the state.

Issues Associated With Using First Responder Funds Effectively

Before discussing some of the issues that have been raised about the distribution of federal grant funds to first responders, I would like briefly to discuss some basic issues associated with using those funds effectively.

A key goal of first responder funding should be developing and maintaining the capacity and ability of first responders to respond effectively to and mitigate incidents that require the coordinated actions of first responders. These incidents encompass a wide range of possibilities, including daily auto accidents, truck spills, and fires; major natural disasters such as floods, hurricanes, and earthquakes; or a terrorist attack that involves thousands of injuries. Effectively responding to such incidents requires well-planned, well-coordinated efforts by all participants. Major events, such as natural disasters or terrorist attacks, may require the coordinated response of first responders from multiple jurisdictions within a region, throughout a state or among states. Thus, it follows that developing a coordinated plan for such events should generally involve participants from the multiple jurisdictions that would be involved in responding to the event. However, a major challenge in administering first responder grants is balancing two goals: (1) minimizing the time it takes to distribute grant funds to state and local first responders and (2) ensuring appropriate planning and accountability for effective use of the funds.

In fiscal years 2002 and 2003, at least 16 federal grants were available for first responders, each with somewhat different requirements. Previously, we have noted that substantial problems occur when state and local governments attempt to identify, obtain, and use the fragmented grants-in-aid system to meet their needs.⁴ Such a proliferation of programs leads to administrative complexities that can confuse state and local grant recipients. Congress is aware of the challenges facing grantees and is considering several bills that would restructure first responder grants.

⁴See U.S. General Accounting Office, *Homeland Security: Reforming Federal Grants to Better Meet Outstanding Needs*, GAO-03-1146T (Washington, D.C.: Sept. 3, 2003).

Basic Steps in Distributing State Homeland Security Grant Funds

Much of the concern about delays in distributing federal grant funds to local first responders has involved the State Homeland Security grants which are distributed to states on the basis of a formula. Each state received 0.75 percent of the total grant appropriation, with the remaining funds distributed according to state population.

There are a number of sequential steps common to the distribution of ODP State Homeland Security Grants from ODP to the states and from the states to local governments. They include the following:

1. Congress appropriates funds.
2. ODP issues grant guidance to states.
3. State submits application, including spending plans, to ODP.
4. ODP makes award to states noting any special conditions that must be cleared before the funds can be used.
5. State meets and ODP lifts special conditions, if applicable.
6. State subgrants at least 80 percent of its funds to local governments.
7. Local governments purchase equipment directly or through the state.
8. Local governments submit receipts to the state for reimbursement.
9. State draws down grant funds to reimburse local governments.

The total time required to complete these steps is dependent upon ODP requirements and state and local laws, requirements, regulations, and procedures. Generally, the DHS OIG report and the report of the House Select Committee on Homeland Security found similar causes of delays in getting funds to local governments and first responder agencies. These included delays in completing state and local planning requirements and budgets; legal requirements for the procedures to be used by local governments in accepting state grant allocations; the need to establish procedures for the use of the funds, such as authority to buy equipment and receive reimbursement later; and procurement requirements, such as bidding procedures. Generally, neither the IG report nor the House Select

Committee report found that the delays were principally due to ODP's grant management procedures and processes.

ODP Grant Awards to the States

Both the DHS OIG report and the House Select Committee report found that ODP's grant applicant process was not a major factor in delaying the distribution of funds to states. The DHS OIG found that in fiscal years 2002 and 2003, ODP reduced the time it took to make on-line grant application guidance and applications available to states, process grant applications, and award the grants to states after applications were submitted. The DHS OIG found that the total number of days from grant legislation enacted to award of grants to states declined from on average 292 days for fiscal year 2002 grants to on average 77 days for fiscal year 2003 grants. For the three states we examined, we found that the time between the enactment of the appropriation and ODP's award of the grant to these states declined from 8 months in fiscal year 2002 to 3 months for fiscal year 2003 State Homeland Security Grant Program, Part I, and 2 months for fiscal year 2003 State Homeland Security Grant Program, Part II.

One factor that did delay the states' ability to use ODP grant funds was the imposition of special conditions. In fiscal years 2002 and 2003, ODP imposed special conditions for the state homeland security formula grants if the state had failed to adequately complete one of the requirements of the grant application. For example, in fiscal years 2002 and 2003, to receive funding states had to submit detailed budget worksheets to identify how grant funds would be used for equipment, training, and exercises. To accelerate the grant distribution process, ODP would award funds to states that had not completed the budget detail worksheets, with the special condition that states and locals would be essentially unable to use the funds until the required budgets were submitted and approved. Thus, the time it took to lift the special conditions was largely dependent upon the time it took state and local governments to submit the required documentation. States could not begin to draw down on the grant funds until the special conditions were met. In one state we reviewed, ODP notified the state of the special conditions on May 23, 2003, and the conditions were removed on August 6, 2003, after the state had met those conditions. In another state, ODP notified the state of the special conditions on September 13, 2002, and the conditions were removed on March 18, 2003.

ODP imposed special conditions on both the fiscal year 2002 State Domestic Preparedness Grant Program and the fiscal year 2003 State

Homeland Security Grant Program, Part I, but not on the State Homeland Security Grant Program, Part II.

State Awards to Local Governments

After ODP makes its initial award, the state must subgrant at least 80 percent of its grant award to local units of government. In fiscal year 2003, the states had to certify to ODP within 45 days that they had made these subgrants.⁹ The subgrant entities and procedures can vary with each state, making it hard to generalize about this phase of the distribution process. In our work, we found that some states subgranted the funds to the county level, while another subgranted to regional task forces composed of several counties. Subgrantees also varied in their procedures to distribute funds to local governments. Some subgrantees managed the grant process themselves, while others chose to pass funds further down, to a county or city within the jurisdictional area.

Most States Met Deadline for Subgranting Funds But Some Local Jurisdictions Were Not Prepared to Spend Funds

As reported by the DHS OIG, Congress adopted appropriation language for the fiscal year 2003 State Homeland Security Grant, Part II, that required states to transfer 80 percent of first responder grant funds to local jurisdictions within 45 days of the funds being awarded by ODP. This requirement was included in the appropriation bill to ensure that states pass funds down to local jurisdictions quickly, and ODP incorporated this requirement into its grant application guidance. However, according to the DHS OIG report, this action had a limited effect because most states met the 45-day deadline by counting funds as transferred when the states agreed to allocate a specific amount of the grant to a local jurisdiction, even if the state had not determined how the funds would be spent or when contracts for goods and services would be let. Additionally, many states and local jurisdictions delayed spending of prior year grant funds in order to meet the fiscal year 2003 requirement. The House Select Committee staff also reported that nearly all states met this 45-day requirement with respect to 2003 funding as of February 2004, but noted that this may not reflect the actual availability of funds for expenditures by local jurisdictions. The committee report cited the example of Seattle, Washington. While it had been awarded \$30 million in May 2003, Seattle received authorization to spend these funds only shortly before the April 2004 release of the committee's report. In the three states we examined,

⁹For fiscal year 2004 grants, states were allowed 60 days.

we also found that states had certified they had allocated funds to local jurisdictions within the required 45-day period.

**Various Local Legal and
Procedural Requirements
Took Time**

According to the DHS OIG, state and local governments were sometimes responsible for delaying the delivery of fiscal year 2002 grant funds to first responders because various governing and political bodies within the states and local jurisdictions had to approve and accept the grant funds. Six out of the 10 states included in the DHS OIG's sample reported that their own state's review and approval process was one of the top three reasons that the funds had not been spent by the time the report was published. For example, one of three states for which data were available took 22 days to accept ODP's award and 51 days to award a subgrant to one of its local jurisdictions; the local jurisdiction did not accept the grant for another 92 days. Another state took 25 days to accept ODP's grant award and up to 161 days to award the funds to its local jurisdictions. Local jurisdictions then took up to 50 days to accept the awards.

Our work showed similar results. One city was notified on July 17, 2003 that grant funds were available for use, but the city council did not vote to accept the funds until November 7, 2003.

The House Select Committee reported that, in over half of the states they reviewed, local jurisdictions had not submitted detailed spending plans to the states prior to the time the states had transferred grant funds to them. Specifically, they found that often times, even though a reasonable estimate of the available award amount was available months earlier, many local jurisdictions waited to initiate their planning efforts until they were officially notified of their grant awards. Because ODP imposed special conditions in some grant years, these local jurisdictions, therefore, could not begin to draw down funds until they provided the detailed budget documentation, outlining how the funds would be spent, as required by ODP.

For the fiscal year 2002 statewide homeland security grants, local jurisdictions and state agencies were required to prepare, submit, and receive approval of detailed budget work sheets that specifically accounted for all grant funds provided. This specific detailing of items included not only individual equipment items traditionally accounted for as long-term capital equipment, but also all other items ordinarily recorded in accounting records as consumable items, such as disposable plastic gloves, that usually need not be accounted for individually. Preparing this

detailed budget information took time on the part of local jurisdictions to prepare and for the states and ODP to review and approve.

Since the first round of fiscal year 2003 state homeland security grants, ODP has not linked the submission and approval of detailed budget information to the release of grant funds. ODP required the submission and approval of the same detailed budget worksheets for the fiscal year 2003 statewide grants, but did not condition the release of funds on their submission and approval. For the fiscal year 2004 grants, ODP still requires the submission of detailed budget work sheets by local jurisdictions to the state, but not to ODP, for its approval.

The DHS OIG also found that there were numerous reasons for delays in spending grant funds. Some were unavoidable and others they found to be remediable. In general, the DHS OIG found identifying the highest priority for spending grant funds to be a difficult task. Most states the DHS OIG visited were not satisfied with the needs analysis that they had done prior to September 11, 2001. Some states took the time to update their homeland security strategies, and one state delayed fiscal year 2002 grant spending until it had completed a new strategy using ODP's fiscal year 2003 needs assessment tool. The DHS OIG also found little consistency in how the states manage the grant process. The states used various methods for identifying and prioritizing needs and allocating grant funds. States may rely on the work of regional task forces, statewide committees, county governments, mutual aid groups, or local fire and police organizations to identify and prioritize grant spending.

Both the DHS OIG report and House Select Committee report noted that state and local procurements have, in some cases, been affected by delays resulting from specific procurement requirements. Some states purchase equipment centrally for all jurisdictions, while others sub-grant funds to local jurisdictions that make their own purchases. In these latter instances, local procurement regulations can affect the issuance of equipment purchase orders. The House Select Committee report discussed how state and local procurement processes and regulations could slow the expenditure of grant funds. For example, in Kentucky, an effort was taken to organize bidding processes for localities and to provide them with pre-approved equipment and services lists. However, state and local laws require competitive bidding for any purchases above \$20,000, a requirement that can delay actual procurements. Moreover, if bids had been requested for a proposal and those bid specifications were not met, then the bidding process must start over again. As Kentucky's Emergency Managing Director explained, "There is a process and procedure that must

be gone through before localities can actually spend the funds, and the state has not identified funds that are exempt from these local rules of procedure that are in place."

In one of the jurisdictions for which we obtained documentation, we also found that procurement regulations may require that funds be available prior to the issuance of equipment purchase orders. This requirement took from June 18, 2003 to September 4, 2003 before purchase orders could be issued. In the individual jurisdictions in the three states for which we obtained documentation we also found that some apparent delays in obligating grant funds resulted from the time normally required by local jurisdictions to purchase and contract for items, to prepare requests for proposals, evaluate them once received, and have purchase orders approved by legal departments and governing councils and boards. In one case, the time between the city controller's release of funds to the issuance of the first purchase order was about 3 months, from September 4, 2003, to December 15, 2003.

Conclusion

The reports by the DHS OIG and by the Select Committee, as well as the preliminary work we have undertaken, support the conclusion that local first responders may not have anticipated the natural delays that should have been expected in the complex process of distributing dramatically increased funding through multiple governmental levels while maintaining procedures to ensure proper standards of accountability at each level. The evidence available suggests that the process is becoming more efficient and that all levels of government are discovering and institutionalizing ways to streamline the grant distribution system. These increased efficiencies, however, will not continue to occur unless federal, state, and local government each continue to examine their processes for ways to expedite funding for the equipment and training needed by the nation's first responders. At the same time, it is important that the quest for speed in distributing funds does not hamper the planning and accountability needed to ensure that the funds are spent on the basis of a comprehensive, well-coordinated plan to provide first responders with the equipment, skills, and training needed to be able to respond quickly and effectively to a range of emergencies, including, where appropriate, major natural disasters and terrorist attacks.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you or other members of the subcommittee may have.

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U. S. Department of Homeland Security

Office for Domestic Preparedness

Washington, D.C. 20531

**Statement
Of**

**Andrew T. Mitchell
Deputy Director
Office for Domestic Preparedness**

Before

The

**Subcommittee on Economic Development,
Public Buildings,
And
Emergency management**

Committee on Transportation and Infrastructure

U.S. House of Representatives

**May 13, 2004
Washington, D.C.**

Chairman LaTourette, Congresswoman Holmes-Norton, and Members of the Subcommittee, my name is Andrew Mitchell, and I serve as the Deputy Director of the Department of Homeland Security's (DHS) Office for Domestic Preparedness (ODP). On behalf of Secretary Ridge, it is my pleasure to appear before you today to discuss the current status of ODP and other issues of critical importance.

On behalf of all of us at DHS, I want to thank you Mr. Chairman, and all the members of the Committee, for your ongoing support for the Department and for ODP. You and your colleagues have entrusted us with a great responsibility, and we are meeting that responsibility with the utmost diligence.

As you are all aware, ODP is responsible for preparing our Nation against terrorism by assisting States, local jurisdictions, regional authorities, and tribal governments with building their capacity to prepare for, prevent, and respond to acts of terrorism. Through its programs and activities, ODP equips, trains, exercises, and supports State and local homeland security personnel -- our nation's first responders -- who may be called upon to prevent and respond to terrorist attacks.

Mr. Chairman, ODP has established an outstanding track record of capacity building at the State, local, territorial, and tribal levels, by combining subject matter expertise, grant-making know-how, and establishing strong and long-standing ties to the nation's public safety community. Since its creation in 1998, ODP has provided assistance to all 50

States, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. territories. Through its programs and initiatives ODP has trained 325,000 emergency responders from more than 5,000 jurisdictions and conducted more than 300 exercises. And, by the end of Fiscal Year 2004, ODP will have provided States and localities with more than \$8.1 billion in assistance and direct support.

Throughout its history ODP has strived to improve how it serves its State and local constituents. For example, in Fiscal Year 2003, application materials for the Department's State Homeland Security Grant Program -- under both the Fiscal Year 2003 Omnibus Appropriations Bill, and the Fiscal Year 2003 Supplemental Appropriations Bill -- were made available to the States within two weeks of those bills becoming law. Further, over 90 percent of the grants made under that program were awarded within 14 days of ODP receiving the grant applications.

During Fiscal Year 2004, ODP's record of service to the nation's first responders continues. As of this week, 52 of the 56 States and territories have received their Fiscal Year 2004 funding under the Homeland Security Grant Program. This includes funds to support State-wide preparedness efforts under the State Homeland Security Grant Program, the Law Enforcement Terrorism Prevention Program, and the Citizen Corps Program. These awards represent over \$ 2.1 Billion in direct assistance. In total, \$2.2 Billion will be provided under this initiative.

Further, 48 of the 50 urban areas designated under the Fiscal Year 2004 Urban Areas Security Initiative (UASI program) have been awarded funding so far; the remaining are still under review. This represents \$631 Million in support to high-density population centers with identifiable threats and critical infrastructure. In total over \$670 Million will be provided to these areas. In addition, the Department has identified 30 of the nation's most used urban transit systems and will provide \$49 Million to enhance the overall security of these systems. To date, all 30 of these transit systems have received their Fiscal Year 2004 funds.

Much of how the States and territories will distribute and utilize Homeland Security Grant Program funds will be influenced by the results of the State Homeland Security Assessments and Strategies. As you know, each State, the District of Columbia, the Commonwealth of Puerto Rico, and the territories were required to submit their assessments and strategies by January 31, 2004.

These assessments and strategies, Mr. Chairman, are critically important to both the States and the Federal Government. They provide a wealth of information regarding each State's vulnerabilities, capabilities, and future requirements, as well as each State's preparedness goals and objectives. They provide each State with a roadmap as to how current and future funding, exercise, training, and other preparedness resources should be directed and targeted, and they provide the Federal Government with a better understanding of needs and capabilities. I am happy to report that all assessments and strategies have been received and reviewed or currently are under review by an intra-

DHS review board comprised of representatives from major Department components. Of those 56 strategies, 52 have been approved by the Department. The remaining four should be approved shortly.

During Fiscal Year 2005, ODP will continue to provide States and localities with the resources they require to ensure the safety of the American public. The funds requested by the President for Fiscal Year 2005 will allow ODP to continue to provide the training, equipment, exercises, technical assistance, and other support necessary to better prepare our communities.

DHS's mission is critical, its responsibilities are great, and its programs and activities impact communities across the nation. We will strive to fulfill our mission and meet our responsibilities in an effective and efficient manner. And we will, to the best of our abilities, continue to identify where and how we can improve. Part of our responsibility, part of the Department's responsibility, Mr. Chairman, is the recognition that we can always improve what we do and how we do it. And we can never be too safe or too secure.

This critical mission was recognized by the Congress with the passage of the Homeland Security Act of 2002, and the creation of the Department of Homeland Security. And since the Department's creation, we have worked continuously with the Congress to determine how better to fulfill our common goal of a more secure America. One such

Congressional effort is H.R. 3266, the "Faster and Smarter Funding for First Responders Act of 2003."

Introduced by Congressman Cox, H.R. 3266 is a major attempt to improve how the Department provides assistance to State and local emergency responders. Since the bill's introduction, the Department has worked with staff of the Select Committee on Homeland Security and, more recently, has provided the Select Committee a "white paper" containing observations and comments on the bill's provisions. With your permission, Mr. Chairman, I would like to share those views with this Subcommittee by offering a copy of that "white paper" for inclusion in the record.

Generally, Mr. Chairman, the Department supports much of H.R. 3266, and in particular supports the bill's intent to further facilitate funding for our first responders. The Department also acknowledges the Select Committee's work to address many of the Department's concerns prior to reporting the bill on April 2, 2004. For example, the Department appreciates that, as reported, H.R. 3266 now requires that applications for regional funding under the Section 1804 provisions be submitted to the state for review, and be consistent with the state's overall homeland security plan. Such close coordination between States, localities, and regions, is critical to an effective and rational distribution of homeland security resources, and is consistent with currently existing ODP funding initiatives, such as the Urban Areas Security Initiative or UASI Program. At the same time Mr. Chairman, the Department believes that many of H.R. 3266's concerns have already been addressed under the Homeland Security Act of 2002, or

through Departmental initiatives already underway. For example we believe that H.R. 3266's Section 1803 task force requirements duplicate efforts and responsibilities already existing under the Homeland Security Acts Section 871 advisory committee provisions. For example, under Section 871, Secretary Ridge created the Homeland Security Advisory Council in 2003 as a means of providing the Department with a continuing source of advice and comment. The Department believes that it would be more effective and efficient to incorporate additional roles and responsibilities as identified under H.R. 3266's task force provisions, into the Department's current system of task forces and advisory councils, rather than create new advisory mechanisms.

Similarly, the department has taken other action to address other issues raised and addressed by H.R. 3266. Recently the Department's Inspector General released a report titled "An Audit of Distributing and Spending 'First Responder' Grant Funds." That report examined how ODP processed and awarded first responder grant funds during Fiscal Years 2002 and 2003. It also examined how several of the States, once awards have been received, obligate and distribute those funds.

We at ODP welcomed the Inspector General's scrutiny, and now that the report is complete, we see this as an opportunity to validate those things we are doing well, and to identify and act upon those things we need to do better. With your permission, Mr. Chairman, I would like to submit a copy of the report for inclusion in the record.

Overall Mr. Chairman, the Inspector General concluded that ODP has been successful in the development and management of its grant programs, and that ODP has assessed, processed, and awarded its grants in a timely and effective manner. At the same time the Inspector General concluded that there are several ways in which ODP could better assist States and local communities in distributing and dedicating homeland security funds, as well as monitoring and tracking these funds once they have been awarded. The Inspector General concluded that various impediments to the timely distribution of funds at the State and local level should be addressed, and while some of these impediments may be unavoidable, others could be reduced. Most important the Inspector General concluded, and we at ODP agree, that it is more desirable for States to distribute funds wisely and prudently, than to distribute funds in haste.

Among the report's recommendations were:

- For ODP to institute more meaningful reporting by the States so that ODP can track progress more accurately, both in their distribution of funds and in building their preparedness capabilities, and to better assist States when necessary.
- For ODP to improve its communications with State and local jurisdictions in order to keep them better informed as to program requirements and opportunities for assistance.
- For ODP to accelerate the development of federal guidelines for first responder preparedness, including capability levels, equipment, training, and exercises, in order to enhance the ability of States and local jurisdictions to develop preparedness strategies and target resources.

- For ODP to work with State and local jurisdictions to better identify impediments at the State and local levels to the timely distribution of funds, identify “best practices,” and make recommendations to overcome these impediments.

I am happy to report, Mr. Chairman, that ODP, in consultation with the Secretary and other Department components, is already addressing many of these recommendations. For instance, for Fiscal Year 2004, ODP is implementing new reporting and monitoring guidelines. These new procedures will enable ODP to better track each State’s progress in allocating funds and meeting the objectives outlined in their 2003 State Strategies and Assessments. Further, prior to the start of Fiscal Year 2005, ODP will establish a Dedicated Audit Team in order to more closely audit grant expenditures and better ensure compliance with program requirements.

Also during the past year, ODP has greatly improved its communications with State and local officials to assist them to better understand program requirements and better plan for the use and allocation of program funds. As an example, ODP, along with other Department components, participates in bi-weekly conference calls with the various State homeland security directors. These conference calls provide direct access among Federal and State representatives to facilitate the quick flow of information. Similarly, ODP, as part of its administration of the Fiscal Year 2003 UASI Program, instituted conference calls among ODP staff and mayors and other State and local officials representing the various urban areas comprising the UASI sites. Again the use of conference calls expedited and facilitated the exchange of information and ideas among the parties.

Further Mr. Chairman, this past February, Secretary Ridge provided each State's governor with a report on homeland security funds awarded, obligated, and spent within the State. These reports are being updated on a regular basis. Keeping the governors informed in this manner has enhanced their ability to maintain oversight over these monies. These efforts are in addition to ODP's continuing efforts to provide customer service, including the ODP Helpline, and technical assistance and monitoring visits by ODP staff to State and local jurisdictions. Within the past six months, staff from ODP's State and Local Management Division, the ODP component responsible for the administration of the homeland security grant funds, have made 22 monitoring trips and, in the last 12 months, have made 300 technical assistance trips to State and local jurisdictions.

ODP is also continuing its efforts to develop preparedness standards and to establish clear methods for assessing State and local preparedness levels and progress. As you will recall Mr. Chairman, on December 17, 2003, the President issued "Homeland Security Presidential Directive (HSPD)-8." Through HSPD-8, the President tasked Secretary Ridge, in coordination with other Federal departments and State and local jurisdictions, to develop national preparedness goals, improve delivery of federal preparedness assistance to State and local jurisdictions, and strengthen the preparedness capabilities of Federal, State, territorial, tribal, and local governments. HSPD-8 is consistent with the broader goals and objectives established in the President's National Strategy for Homeland Security issued in July, 2002, which discussed the creation of a fully-integrated national

emergency response capability. Inherent to the successful implementation of HSPD-8 is the development of clear and measurable standards for State and local preparedness capabilities.

The standards that will result from HSPD-8 implementation build on an existing body of standards and guidelines developed by ODP and other Federal agencies to guide and inform State and local preparedness efforts. Since its inception ODP has worked with Federal agencies and State and local jurisdictions to develop and disseminate information to State and local agencies to assist them in making more informed preparedness decisions, including capability assessments, preparedness planning and strategies, and choices relating to training, equipment, and exercises. Again, with your permission Mr. Chairman, I would like to submit for inclusion in the record, a summary of standards and guidelines issued by ODP over the last several years.

Earlier this year, the Secretary delegated to ODP the responsibility for the implementation of HSPD-8. This designation by the Secretary is consistent with ODP's mission, as provided under the provisions of the Homeland Security Act, to be the primary federal agency responsible for the preparedness of the United States for acts of terrorism. And ODP, together with Secretary Ridge, other Department components, Federal agencies, and State and local governments, firmly believe that the successful implementation of HSPD-8 is essential and critical to our Nation's ability to prevent, prepare for, and respond to acts of terrorism. In March, the Secretary approved these key items: first, a strategy for a better prepared America based on the requirements of HSPD-

8; second, an integrated, intra- and inter- governmental structure to implement HSPD-8; and third, an aggressive timeline for achieving HSPD-8's goals and objectives.

Implementation of HSPD-8 involves the participation of Federal, State, and local agencies, and, among other things, will result in the development and dissemination of clear, precise, and measurable preparedness standards and goals addressing State, local, and Federal prevention and response capabilities.

Further, I would like to reemphasize the importance of ODP's State Homeland Security Assessments and Strategies that were submitted to ODP by the States and territories this past January. And, it is important to note that this is not the first time States have been tasked with providing assessments. The information contained in these reports provides critical data describing State and local capabilities and requirements for use by both the States and the Federal Government. This data provides a critical benchmark from which ODP can assess both past and future progress in their development of preparedness capabilities. The current assessments and strategies are being compared to the first group of assessments and strategies submitted in Fiscal Year 2001. Then, the current group of assessments and strategies will provide a mark from which ODP can compare future assessments and strategies. In addition, the current assessments and strategies will help guide ODP's decisions regarding State and local training, equipment, planning, and exercise requirements.

Also critical to the implementation of HSPD-8 is the improved delivery of homeland security assistance, including homeland security funding to State and local governments.

This too was examined by the DHS Inspector General's report, which concluded that although ODP has been able to distribute funds to States in a timely manner, there were some impediments that slowed the further distribution of funds from States to local jurisdiction. These impediments did not exist in every State or in every jurisdiction, and, as the Inspector General noted, some impediments are unavoidable, and some can be corrected. For example, some delays in the distribution of homeland security funds can be linked to State and local procurement laws and requirements. Other delays resulted from the local planning process and the need to form consensus across multiple jurisdictions. Some delays were the result of deliberate decisions by State and local leaders who chose to spend more time planning rather than to spend funds quickly. Yet, despite these difficulties, ODP and the Department are committed to finding ways to further improve the distribution of homeland security funds.

To that end Mr. Chairman, on March 15, 2004, Secretary Ridge announced the creation of the Homeland Security Funding Task Force. This task force -- chaired by Massachusetts Governor Mitt Romney and co-chaired by Akron Mayor Donald Plusquellic, and comprised of several governors, mayors, county executives, and a representative of tribal governments -- will examine DHS' funding process for State and local assistance to ensure that DHS funds to the Nation's first responders move quickly and efficiently. It will also identify "best practices" in an effort to offer solutions to both the Department and State and local jurisdictions. By directly involving the States, territories, local communities, and tribal governments, this task force will provide an ongoing source of information to assist DHS and States and localities to do a better job.

And, the formation of this task force underscores the Secretary's commitment to a partnership between the Federal Government and its State and local counterparts, and his approach to homeland security as "One Mission, One Team." This task force, Mr. Chairman, will provide a report to the Secretary by the end of June, which we will share with the Congress.

An additional and important step toward improving how homeland security assistance is provided to States and local jurisdictions is contained in the President's Fiscal Year 2005 budget request. As part of the effort to improve the distribution of homeland security funds, the Administration has requested that the Secretary be provided increased flexibility under the distribution formula for ODP's Homeland Security Grant Program as contained in Section 1014 of the USA PATRIOT Act. This request is consistent with the Department's long-standing position that the PATRIOT Act formula be changed.

Our request to change the formula is designed to ensure that we can target Federal dollars in a manner consistent with protecting the nation in the most efficient and effective manner. It is designed to enable the Secretary to consider critical factors such as threats and vulnerabilities – factors this Committee has recognized as important. This increased flexibility will allow the Secretary to move Federal resources to respond to changes in vulnerabilities and threats.

This more nuanced approach does not mean, however, that minimum or base funding levels for the States and territories will be eliminated. As you are aware, Secretary Ridge

has consistently stated that a minimum amount of funds should be provided to all States and territories, and that for the nation to be secure, all States and territories must have the resources to address their particular and unique security needs.

Secretary Ridge is also taking steps to ensure that its staff and program offices can more efficiently support States and localities. On January 26, 2004, the Secretary informed the Congress of his intention to consolidate ODP with the Office of State and Local Government Coordination to form a new office – the Office for State and Local Government Coordination and Preparedness.

This consolidation is in direct response to requests from the nation's first responders to provide the emergency response community with a "one-stop-shop" that is a central focal point for grants, assistance, and other interactions with the Department. Further, this consolidation places 25 varied State and local assistance programs and initiatives within one office to ensure simplified and coordinated administration of these programs. Finally, this consolidation also will eliminate the duplication across program lines and heighten the complementary and synergistic aspects of these programs, and, by linking these programs to the State strategies and assessments, maximize their ultimate impact on States and localities.

At the same time, grouping these programs under one consolidated office ensures that the grants administration staffs and a limited number of program subject matter experts who guide these programs will work together, share their expertise, and achieve the

Department's goal of a better prepared America. The consolidation will enable the Department to evaluate programs more accurately, exercise greater Federal oversight, and ensure the government-provided resources are dispersed quickly and are used to maximum efficiency. This decision will benefit States and localities by providing them with a unified and coordinated means of assistance and support. It also provides a platform to ease coordination with other departments and agencies, as required in HSPD-8.

In closing Mr. Chairman, let me re-state Secretary Ridge's commitment to support the Nation's State and local emergency response community, and to ensure that America's first responders receive the resources and support they require to do their jobs. This concludes my statement. I am happy to respond to any questions that you and the members of the Committee may have. Thank you.



U. S. Department of Homeland Security

Office for Domestic Preparedness

Washington, D.C. 20531

ODP Training and Standards Materials

Prepared

April 28, 2004

ODP Reference Materials
On
Training, Equipment, Exercises & Program Guidance

- 2003 Prevention & Deterrence Guidelines
- Executive Summary, ODP Training Strategy
- 2004 Standardized Equipment List
- 2004 ODP Training Approval Process
- Initial Strategy Implementation Plan (ISIP) Guidelines
w/ CD ROM
- ODP Training Catalog
- ODP Emergency Responder Guidelines
- State Handbook – ODP Strategy & Assessment Guide

**ODP Reference Materials
On
Training, Equipment, Exercises & Program Guidance**

- **2003 Prevention & Deterrence Guidelines** – A set of general activities, objectives, and elements that organizations as well as those in command positions within the organizations, should consider in the development of prevention plans. The Guidelines are divided into five (5) functional categories: Collaboration, Information Sharing, Threat Recognition, Risk Management, and Intervention

(Ties back to the National Strategy for Homeland Security and strategic objectives: "Prevent terrorist attacks within the U.S.; Reduce America's Vulnerability to terrorism, and; Minimize the damage and recover from attacks that may occur, where prevention is comprised of ...deter all potential terrorists from attacking America....detect terrorists before they strike,...prevent them and their instruments of terror from entering our country,...take decisive action to eliminate the threat they pose."

- **Executive Summary, ODP Training Strategy** – Addresses key questions Who should be trained, What tasks should they be trained to perform, which training/instruction methods and training sites need to be paired with which tasks to maximize success in training, what methods are the most capable of evaluating competency and performance upon completion of training, what gaps need to be remedied in existing training? The training strategy provides a strategic approach to training and a national training architecture for development and delivery of ODP programs and services.

(The ODP training program develops and delivers specialized training to state and local jurisdictions to enhance their preparedness and capacity to respond to terrorist incidents involving chemical, biological, radiological, nuclear or explosive (CBRNE) materials, as well to identify emerging and unmet training requirements. The Training & Technical Assistance Division works closely with institutions of higher education and professional public safety organizations to establish a framework for distributive training efforts, as well as a Congressionally mandated distance learning program.)

- **2004 Standardized Equipment List (SEL)** – The list provides the foundation for the Authorized Equipment List (AEL) that we provide under our grants for state and local procurement. The SEL was developed by the Interagency Board (IAB) for Equipment Standardization and Interoperability. Officials from U.S. Department of Homeland Security, U.S. Department of Justice, the Public Health Service, the U.S. Department of Energy, and state and local emergency response experts assisted in the development of the authorized equipment lists. The latest AEL comports

with the SEL, but has additional categories and equipment. ODP does not define equipment standards, but rather assists with the implementation of accepted standards through the AEL. For instance, to realize improved interoperability of communications equipment, beginning with FY 2003 SHSGP Part II all radios purchased with ODP grant funds should be compliant with the FCC-approved APCO 25 standard. In the category of personal protective equipment (PPE), all self-contained breathing apparatuses (SCBAs) purchased *must* meet the standards established by the National Institute for Occupational Safety and Health (NIOSH)

- **2004 ODP Training Approval Process** – Provides the states and locals procedures for requesting Non-ODP Awareness and Performance level courses through their State Administrative Agency (SAA), then through their ODP Preparedness Officer, who forwards the request to the ODP Training Division. Conditional approval will be given pending further review by DHS-ODP Center for Domestic Preparedness (CDP). The requestor will then perform a comparison between the objectives of the course in question and the ODP Training Doctrine (ODP Training Strategy, Emergency Responder Guidelines, Prevention Guidelines), using a template along with course materials for CDP review. CDP has 45 days to conduct a review for Awareness level courses, and 90 days for performance level courses and provides a recommendation for approval or denial to ODP.
- **Initial Strategy Implementation Plan (ISIP) Guidelines w/ CD ROM** – The ISIP is a new requirement under the FY2004 Homeland Security Grant Program (HSGP). The goal of the Initial Strategy Implementation Plan (ISIP) is to capture in one, standardized format the most current information available for planned projects, and estimates of the grant funding to be applied to these projects, for all FY 2004 HSGP and Urban Areas Security Initiative (UASI) Grant Program funding received. The ISIP will uniformly report exactly how the FY 2004 grant funding is being obligated through the retention of funds by the state, as well as through awards made to subgrantees to local units of government or other state entities. The projects to be funded must be linked back to the State's or Urban Area's strategic goals and objectives from the State or Urban Area Homeland Security Strategy.

**OFFICE FOR DOMESTIC PREPAREDNESS
U.S. DEPARTMENT OF HOMELAND SECURITY**

HSPD-8 IMPLEMENTATION

- HSPD-8 requires the creation of an all-hazards preparedness goal, mechanisms to improved delivery of federal preparedness assistance to States and localities, and an outline to strengthen preparedness for our nation.
- To this end, ODP has developed 4 initiatives to implement HSPD-8: (1) create a National Preparedness Strategy, (2) balance the Federal portfolio of preparedness investment, (3) establish a National Training and Exercise Program, and (4) develop a National Preparedness Assessment and Reporting System.
- To execute these strategies, a Senior Steering Committee has been put together to oversee the implementation and guide the interagency Integrated Concept Teams (ICTs). The ICTs must develop comprehensive and executable program implementation plans.
- Since preparedness is capability based, the National Preparedness Goal will be determined by analyzing existing scenarios, defining baseline capabilities, establishing metrics, and issuing national guidance
- This will help DHS establish preparedness requirements and scorecards that indicate gaps, deficiencies and excesses in the nation's preparedness. It will also help generate tools and processes to assist in the prioritizing the allocation of resources.

MAJOR MILESTONES

- March 26, 2004 – Secretary Ridge approves concept for HSPD-8 Implementation.
- July 31, 2004 – Establish Universal List of Mission Essential Tasks for the Homeland Security Community. Submit a multi-year Exercise plan to the President.
- September 1, 2004 – Submit to DHS a Program Implementation Plan and Requirements.
- September 15, 2004 – Submit National Preparedness Goal to the President.
- October 1, 2004 – First Annual Report on the Use of Funds for Preparedness Assistance Programs to the Secretary.
- December 31, 2004 – Complete Federal Response Capabilities Inventory.
- March 15, 2005 – Quantifiable Performance Measurement for Planning, Equipment, Training, and Exercises for Federal Preparedness.
- September 1, 2005 – Full implementation of Process to Develop and Adopt First Responder Equipment Standards and R&D Needs, National Training Program, and National Lessons Learned / Best Practices System.
- September 15, 2005 – First Annual Report to the President.
- September 30, 2005 – Full Implementation of a Closely Coordinate Interagency Grant Process.

May 12, 2004

**Department of Homeland Security Recommendations Concerning H.R. 3266,
“Faster and Smarter Funding for First Responders Act of 2003”**

The Administration supports much of this legislation and, in particular, supports the Committee’s intent, expressed in H.R. 3266, to further facilitate funding for our first responders. The Administration also acknowledges the extensive work on the part of the Committee to address some of the Administration’s concerns with particular elements of this legislation. The Administration further looks forward to discussing the following issues with the Committee.

1. Regional Applications for Grant Funding:

The Department recognizes that particular localities encompass more than one state jurisdiction, and as a result has incorporated a regional feature in the Urban Area Security Initiative. Regional funding may conflict with state assessments strategies, which states and localities have worked to complete recently. To the degree regions do factor in a state’s overall response, these are factored in state plans. Direct funding to tens of thousands of municipalities would, however, bypass such essential planning, while at the same time require an exponential increase in the time and cost to review such proposals and track funding.

2. Modification of the Homeland Security Alert System (HSAS):

The Department applauds the efforts of the Committee to examine the operation of the HSAS as a means to more efficiently and precisely alert the nation. The Department is strongly concerned that the current language is too prescriptive as it would mandate implementation of a warning scheme without consideration of sufficient supporting intelligence. Since intelligence and information requirements shift, it is our experience that the Secretary should be able to maintain as much flexibility as possible in providing critical information to states and localities. Furthermore, the Department believes that the provision requiring the Secretary to report annually to Congress on the bases for geographic or economic sector specific HSAS warnings is unnecessary due to the current active information sharing structure with State and Local entities regarding threat warnings. While DHS continues to improve this structure, this appears to be the most appropriate means to assure adequate information sharing and we would be pleased to discuss this structure further with the Committee.

3. Task Force and Essential Capabilities:

The Department appreciates the Committee’s efforts to enhance the security of the homeland which underlie the proposed new task force. However, it is unclear how such duplication of the current advisory mechanism, provided for under Section 871 of the Homeland Security Act of 2002, would enhance the Department’s mission. The

Department believes a more efficient approach could be attained through the combination of these task force/essential capabilities provisions into the existing advisory structure, an approach that could be accomplished either by legislative or administrative means. The Department looks forward to working with the Committee to explore these alternate avenues and, in addition, to determine if the Committee sees specific needs not already met by these advisory groups.

4. Imposition of Penalties for Delayed Pass-Through to Localities:

In principle, the Department agrees with the Committee that imposition of penalties may be appropriate as part of a larger goal to move these funds rapidly to the localities. The Department looks forward to discussing several practical implications, such as statutory time frames for disbursement of funds, scope of penalties, effect on flexibility of the funding, and effective deadlines.

5. Prohibition on Use of Grant Funds for Construction:

The Department appreciates and shares the concerns of the Committee in ensuring that the grant funds will be put to their intended use. The Department is concerned, however, that the prohibition on using any grants to construct or modify facilities might unduly prevent the improvement of State and local command and control at emergency operation center facilities, as well as construction activities for critical infrastructure protection projects. The Department would therefore appreciate the opportunity to work with the Committee to establish a balance between blanket prohibitions and the unrestricted use of grant funds -- perhaps the creation of certain specific limited exceptions to general prohibition.

6. "Risk-Based" grant standards:

The Department is encouraged that the Committee bill is largely consistent with the Administration's focus on terrorism preparedness. Should this focus of H. R. 3266 be maintained, the legislation should ensure that guidelines for allocation of homeland security-related federal assistance are fully consistent with the guidelines set forth in Homeland Security Presidential Directive (HSPD) 8. HSPD 8 establishes that preparedness assistance is intended to build capacity to address major events, especially terrorism, and not primarily to support existing capacity to address normal local first responder operations. The assistance will have a particular focus on terrorism risks while also basing allocations on population concentrations, critical infrastructure, and other significant risk factors, particularly terrorism threats. The Department believes the focus of this bill on terrorism preparedness will ensure that funds are allocated in a manner that best supports our efforts to prevent, mitigate, and respond to threatened terrorist attacks.

**U.S. House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings and Emergency Management**

**Hearing on H.R. 3266
May 13, 2004**

Questions for the Record

Questions supplied by Chairman LaTourette:

1. How does the Department plan to ensure that all states will receive sufficient funds to reach a minimum level of preparedness if State minimum funding levels are removed?

Response

The Department of Homeland Security believes that the minimum funding levels established in the USA PATRIOT are too high, resulting in nearly half of State formula funds being evenly divided among each state, regardless of population or potential threats. The President's Budget for FY 2005 proposes allocating these funds based on population concentrations, critical infrastructure, and other risk factors; an approach that would still result in some funding for each state. Allocation of State Homeland Security Grants would take into consideration the funding awarded to high-threat areas through the Urban Area Security Initiative.

2. Does the Department plan to implement each and every provision of HSPD-8, which requires the government to pursue an all-hazards preparedness strategy, and require that from its grants recipients?

Response

Yes, the Department plans to implement all the provisions of HSPD-8 that are assigned to the Department, in coordination with other Federal departments and agencies and in consultation with State and local governments and the private sector, as appropriate. Paragraph 9 states that, to the extent permitted by law, adoption of approved State-wide comprehensive all-hazards preparedness strategies will be a requirement for receiving Federal preparedness assistance at all levels of government by September 30, 2005. The Department recognizes that full national implementation of these provisions will take time, as assistance funds are applied to preparedness needs and goals.

3. What Is ODP doing to implement the provisions of HSPD-8 that require all-hazards preparedness?

Response

The consolidation of the Office of State and Local Government Coordination and ODP has been completed, and is directly supportive of the all-hazards approach mandated by HSPD-

8. HSPD-8 identifies 16 separate provisions, all of which require all-hazards preparedness (see HSPD-8 Fact Sheet). HSPD-8 defines all-hazards preparedness as preparedness for domestic terrorist attacks, major disasters, and other emergencies. To implement those provisions, DHS' Office of State and Local Government Coordination and Preparedness (SLGCP) and the Department's Headquarters Operational Integration Staff outlined four major initiatives:

- A *unified national preparedness strategy* to define a national preparedness goal and how to achieve it.
- A *balanced investments* initiative to develop strategies to enhance preparedness and base resource allocations on assessments of risk factors.
- A *national training and exercise system* to evaluate and strengthen performance.
- A *national preparedness assessment and reporting system* to measure the nation's overall preparedness with a combination of self-, assisted-, peer-, and national-assessment tools.

SLGCP has convened a Senior Steering Committee that provides input and direction to the national preparedness strategy and the overall effort. The Senior Steering Committee is an executive-level (Assistant Secretary) body established by the Secretary, in coordination with the Homeland Security Council. SLGCP Executive Director Mencer serves as the Chair, along with members from other organizations in DHS, other Federal departments and agencies, and State and local governments. SLGCP also convened three Integrated Concept Teams (ICTs) -- one each for the balanced investments initiative, the national training and exercise system, and the national preparedness assessment and reporting system -- to develop detailed program plans and requirements documents, obtain necessary approvals, and then turn over the materials to a program office or offices for implementation. Members of these ICTs include program managers and subject matter experts from organizations within DHS, other Federal departments and agencies, and State and local governments with significant roles as providers or recipients of Federal preparedness assistance in each respective area.

SLGCP has developed a fact sheet that outlines the requirements of HSPD-8 and a major milestones chart. Those items are enclosed.

4. How is ODP's mission, which according to your testimony, is "to be the primary federal agency responsible for the preparedness of the United States for acts of terrorism" consistent with the mission requirements of HSPD-8, which requires all-hazards preparedness?

Response

SLGCP's mission is consistent with HSPD-8. Terrorism preparedness is an integral part of all-hazards preparedness; it is the current national priority defined by the President and Congress. SLGCP's statutory preparedness mission as defined in the Homeland Security Act of 2002, section 430, states that SLGPC is the primary Federal agency responsible for the preparedness of the United States for acts of terrorism. The Secretary designated SLGCP as the executive agent within the Department responsible for leading efforts on his behalf to implement HSPD-8, which defines all-hazards preparedness as preparedness for

domestic terrorist attacks, major disasters, and other emergencies. Even within an “all hazards” framework, the Department’s efforts will emphasize its unique responsibility for terrorism, as is made clear in several provisions of HSPD-8: (1) paragraph 5b (...ensure first responders are prepared to respond to major events, especially prevention of and response to threatened terrorist attacks); (2) paragraph 6 (...a system for assessing the Nation’s overall preparedness to respond to major events, especially those involving acts of terrorism); (3) paragraph 9 (...strategies should address areas facing higher risk, especially to terrorism); (4) paragraph 10 (...base allocations on assessments of other significant risk factors, particularly terrorism threats); and (5) paragraph 11 (...build capacity to address major events, especially terrorism).

SLGCP’s leadership role in implementing HSPD-8 is also consistent with its responsibility to coordinate Federal preparedness assistance programs, in accordance with the Homeland Security Act of 2002, section 430, and HSPD-8, paragraph 8. Under HSPD-8, we will work with the community to develop an overall approach to analyze, prioritize, and manage risks posed by all hazards and to develop the capabilities that are needed to prevent, respond to, and recover from incidents of national significance regardless of cause. SLGCP will continue to coordinate with partners who are responsible for leading other preparedness efforts – all of which need to be addressed within a single national preparedness system for all hazards..

5. Will ODP be changing its mission now that it is the lead federal agency for implementation of HSPD-8? Does this present a problem for ODP to fully implement the all-hazards directive?

Response

As a component of DHS, SLGCP is not an independent lead Federal agency. The Secretary assigned SLGCP as the executive agent within the Department responsible for leading efforts on his behalf to implement HSPD-8. As stated in response to question #4, above, ODP’s mission is consistent with HSPD-8. Clearly, the scope of HSPD-8 spans more than any single office or agency. In order to fully implement HSPD-8, SLGCP is coordinating with other DHS components, other Federal departments and agencies, State and local governments, and the private sector, as appropriate.

6. How will ODP ensure adequate coordination with and involvement of the Emergency Preparedness and Response Directorate so that when we have a major disaster our response will be effective?

Response

The Emergency Preparedness and Response Directorate (EP&R) is represented on the HSPD-8 Senior Steering Committee, and each of the three ICTs mentioned in question #3 above. HSPD-8 requires development of a system to collect, analyze, and disseminate lessons learned, best practices, and information from exercises, training events, research, and other sources, including actual incidents, and establishment of procedures to improve national preparedness to prevent, respond to, and recover from major events. That system,

which is also referenced in the draft National Response Plan, will be a critical mechanism for the Department, including SLGCP and EP&R, to ensure continuous improvement and coordination in our national response capabilities.

7. Does the Department continue to support the distribution of grant funds on a reimbursable basis?

Response

The current method of grant fund distribution is consistent with requirements of the Cash Management Improvement Act, and OMB circular A-102. Although referred to as a “reimbursement” process, grantees and sub-grantees are not required to use State or local funds to cover allowable grant-related expenses. Federal funds may be disbursed within 48 days of the grantee incurring an allowable expense. Therefore, there should be no financial burden placed on State and local entities. Moreover, when funds are required and draw downs requested, the existing process of transferring funds from DHS to grantees is expeditious.

Following receipt and acceptance of an award from DHS, the grantee and any sub-grantees may obligate funds (e.g., order equipment or begin other activities) in accordance with programmatic guidelines and award conditions. The grant award constitutes a legal commitment of funds from the Federal government and can be used by States and local units of government to support obligation of funds for allowable grant expenses in lieu of cash on hand. When a grantee or sub-grantee is prepared to expend funds (e.g., to pay an invoice from an equipment vendor), the grantee requests funds from its DHS account through an automated system. Funds are transferred electronically within 48 hours. These funds are used to pay invoices and obligations. At no time is a State or local unit of government required to use State or local funds to pay obligations.

8. Does the Department believe there are any legislative impediments that need to be removed to make the money flow faster, without sacrificing quality control?

Response

With regard to Federal processes, no. DHS posts grant solicitations shortly after appropriations are available, and grant applications are processed and awarded rapidly. Following award, grantees maintaining compliance with grant program requirements have continuous access to funds, with electronic transfer between DHS and the grantee taking 48 hours or less. Recent audits by the DHS Inspector General and testimony by the General Accounting Office have both found that the current system provides for the rapid flow of funds from the Federal level.

However, there are some issues at the State and local level that may impede the expedient flow of funds. In addition to the inherent difficulties of trying to allocate finite funds among jurisdictions and priorities, State and local laws and financial regulations, vary widely.. A common problem facing State and local agencies is the delay in pursuing grant-related activities that results while agencies wait for legislative bodies to accept grant and/or sub-grant awards, and/or approve spending requests. These problems are particularly evident in

states and jurisdictions where legislative bodies meet only periodically and where law requires that they must approve grant awards and other grant activities. Changes to State and local laws and procedures for approving grant and sub-grant awards and related activities should be considered where necessary to improve funding flow.

9. How does removing the formulaic distribution of grant funds address the concern of the speed in which money is distributed?

Response

Allocating funds based upon either an administrative or statutory formula allows the grant-making agency to begin the award process earlier in the fiscal year, as the projected funding levels can be specified prior to the submission of applications. In contrast, a competitive grant program would require additional time to: develop rating criteria, announce the funding opportunity, provide the applicant time to prepare applications based on the rating criteria, conduct a peer review, and rank applications for the selection process. Also, if the program regulations are codified, time would be required to publish in the Federal Register and, then, to respond to any comments received prior to finalization. The Assistance to Firefighters Grant Program provides an example of how a competitive grant process can lengthen the application to award timeframe, particularly when the competition generates more than 19,000 applications.

In March, 2004, Secretary Ridge created the Homeland Security Funding Task Force, which examined the distribution of homeland security funds to States and local communities. The Task Force's report was submitted to the Department of Homeland Security in June 2004. The Task Force focused on three core areas: examining the funding process to understand why there have been delays; examining and cataloging best practices; and providing specific recommendations to eliminate choke points that impede the timely distribution of funds. Among its findings, the Task Force identified several independent issues that have slowed the funding flow, including State and local procurement rules and backlogs of equipment orders. The Task Force offered a number of recommendations for consideration by Federal, State and local officials, which the Department is currently reviewing.

10. In its white paper on H.R. 3266, the Department opposes the direct funding of regions for preparedness activities as potentially undermining the state planning process. Does the same rationale apply to direct funding to regions for planning activities?

Response

Yes, the Department advocates a State-based approach for planning activities as well. The current process of providing funds through a single State Administrative Agency (SAA) is important for promotion and development of regional prevention, response, and recovery capabilities, and is critical to ensuring that planning and preparedness activities within a given intra-State region are supportive of and supported by similar activities in other areas of the State. States also often have varying state regulations regarding legislative involvement in the receipt and expenditure of federal Funds, different fiscal year periods, and different needs based on their respective critical assets and vulnerabilities. DHS

continues to advocate that States take coordinated regional approaches to planning and preparedness within the State; and we continue to advocate that neighboring States and metropolitan areas that cross State lines develop mutual aid agreements.

11. The state homeland security strategy presently required by ODP has a WMD/Terrorism emphasis. When will the department be requiring an all-hazards strategy pursuant to the provisions of HSPD-8?

Response

As required in HSPD-8, adoption of approved statewide strategies will be a requirement for receiving Federal preparedness assistance at all levels of government by September 30, 2005. SLGCP will issue guidance to update the requirement for State homeland security strategies to address all-hazards. Updates will occur in Fiscal Year 2005 in order for strategies to be approved and adopted in time for funding decisions for Federal preparedness assistance for Fiscal Year 2006.

12. Does the Department support providing assistance to non-governmental signatories to the National Response Plan?

Response

The Department has no immediate plans to allocate state and local grant funds to non-governmental organizations. The primary non-governmental signatory to the National Response Plan is the Red Cross. Non-governmental organizations are eligible to receive grant funding directly from States out of the State portion of SLGCP Homeland Security Grant Program funds, which may not exceed 20 percent of the award. The remaining 80 percent of funds must be sub-awarded to local units of government. Therefore, funding for non-profit organizations from the local share must be determined and funded by the recipient locality after award by the States. The allocation of funding for non-profit organizations must be consistent with the State or local homeland security strategy.

13. How much money has been provided to the National Capital Region for first responder preparedness?

Response

As part of the Urban Areas Security Initiative Program, the National Capital Region was awarded \$64,200,690 in FY 2003, and \$31,921,361 in FY 2004. Under the State Homeland Security Grant Program, an additional \$17,916,000 was provided to the District of Columbia in FY 2003, and \$19,136,000 in FY 2004. NCR jurisdictions also received funding through State Homeland Security Grants to Virginia and Maryland.

14. How should the federal government meet the needs of the Indian tribal governments for preparedness?

Response

DHS currently addresses the homeland security preparedness needs of Indian tribal governments. In each State, statewide homeland security risk and needs assessments were conducted at the local level, including tribal lands, to determine terrorism threats, vulnerabilities and gaps in prevention, response, and recovery needs. That information was provided to the State and analyzed, and a statewide homeland security strategy was developed.

Each State distributes homeland security grant funds and other direct support resources in support of the goals and objectives reflected in the State's homeland security strategy. At least 80 percent of funds must be provided to local units of governments, including tribes. Tribes are also eligible for direct support, such as training, technical assistance, and exercise support. Additionally, tribal governments are eligible for discretionary grant programs and special pilot programs.

Questions supplied by Mrs. Norton:

1. In your testimony you state that 52 of the 56 States and territories have received their FY2004 funding under the Homeland Security Grant Program and that 48 out of the 50 urban areas designated under FY2004 Urban Area Security Initiative Program have been awarded their funding-. And, 52 out of the 56 States and Territories, assessments and strategies have been received and reviewed. Even though there is always room for improvement, is there a need for legislative changes in order to assist you in speeding up the process?

Response

By way of update, 55 of 56 States and territories have received their FY 2004 grant funding, and 50 of 50 Urban Areas have received their grant funds as of August 27, 2004. In addition, 56 of 56 strategies have been received and reviewed. While SLGCP agrees that there is always room for improvement in any process, we also believe that the program office has been given enough flexibility to implement the assessment, strategy and award process in a successful manner. In FY 2003, States had approximately seven months to perform their local assessments to outline threat, vulnerability, needs and capabilities. These local assessments were gathered at the State level to review and subsequently craft a statewide three-year strategy. The same process was used for the Urban Area strategies. While this process takes time, it is part of a deliberative planning process that is designed to identify risks and vulnerabilities in the states, territories and urban areas. This is crucial to making sure that resources are spent in a manner that is not only consistent with the goals and objectives outlined in the strategies, but also spent wisely.

Additionally, recent audits by the DHS Inspector General and testimony by the General Accounting Office have both found that the current system provides for the rapid flow of funds from the Federal level. However, there are some issues at the States and local level that may impede the fast flow of funds. In addition to the inherent difficulties of trying to

allocate finite funds among jurisdictions and priorities, State and local laws and financial regulations, vary widely.. A common problem facing State and local agencies is the delay in pursuing grant-related activities that results while agencies wait for legislative bodies to accept grant and/or sub-grant awards, and/or approve spending requests. These problems are particularly evident in States and jurisdictions where legislative bodies meet only periodically and where law requires that they must approve grant awards and other grant activities. Changes to State and local laws and procedures for approving grant and sub-grant awards and related activities should be considered where necessary to improve funding flow.

2. In your testimony, you state that the DHS supports much of H.R. 3266, and in particular its intent to further facilitate funding for first responder but in your "White Paper" you note that H.R. 3266 "...should ensure that guidelines for allocation of homeland security-related federal assistance is fully consistent with the guidelines set up in HSPD-8's goals." Can you explain what you mean by this in more detail?

Homeland Security Presidential Directive-8 directs that Federal preparedness assistance to the States be distributed based on assessments of population concentrations, critical infrastructures, and other significant risk factors, particularly terrorism threats. While H.R. 3266 authorizes the distribution of most funds based on threats, consequences, and vulnerabilities, it would still direct that a fixed percentage amount go to each state. The size of this minimum is the subject of much debate. Based on HSPD-8, the Department would prefer no set minimum, but recognizes that proposals establishing a 0.25% minimum would be an improvement over the 0.75% in Section 1014 in the USA Patriot Act. .

3. You mention that in March DHS developed a strategy for a better prepared America based on the requirements of HSPD-8, has adopted an integrated governmental structure to implement HSPD 8, and set out an aggressive timeline for achieving HSPD8's goals and objectives. Can you share some more information about these developments and about your progress?

Response

As we stated in response to question #3 above submitted by Chairman LaTourette, HSPD-8 identifies 16 separate provisions, all of which require all-hazards preparedness (see HSPD-8 Fact Sheet). HSPD-8 defines all-hazards preparedness as preparedness for domestic terrorist attacks, major disasters, and other emergencies. To implement those provisions, ODP and the Department's Headquarters Operational Integration Staff outlined four major initiatives:

- A *unified national preparedness strategy* to define a national preparedness goal and how to achieve it.
- A *balanced investments* initiative to develop strategies to enhance preparedness and base resource allocations on assessments of risk factors.
- A *national training and exercise system* to evaluate and strengthen performance.
- A *national preparedness assessment and reporting system* to measure the nation's overall preparedness with a combination of self-, assisted-, peer-, and national-assessment tools.

SLGCP convened a Senior Steering Committee to provide input and direction to the national preparedness strategy and the overall effort. The Senior Steering Committee is an executive-level (Assistant Secretary) body established by the Secretary, in coordination with the Homeland Security Council. SLGCP Executive Director Mencer serves as the Chair, along with members from other organizations in DHS, other Federal departments and agencies, and State and local governments. SLGCP also convened three ICTs -- one each for the balanced investments initiative, the national training and exercise system, and the national preparedness assessment and reporting system -- to develop detailed program plans and requirements documents, obtain necessary approvals, and then turn over the materials to a program office or offices for implementation. Members of these ICTs include program managers and subject matter experts from organizations within DHS, other Federal departments and agencies, and State and local governments with significant roles as providers or recipients of Federal preparedness assistance in each respective area.

SLGCP has developed a fact sheet that outlines the requirements of HSPD-8 and a major milestones chart. Those items are enclosed.

4. It is my understanding that DHS is still completing the consolidation of ODP and the Office of State and Local Government Coordination to form the new Office of State and Local Government Coordination and Preparedness... Will all of the grants that move to that office have terrorism focus and how will the implementation of HSPD-8's all hazards approach to preparedness fit in?

Response

The consolidation of the Office of State and Local Government Coordination and ODP has been completed, and is directly supportive of the all-hazards approach mandated by HSPD-8. The purpose of this consolidation is to enhance overall coordination among all of the programs. HSPD-8 defines all-hazards preparedness as preparedness for domestic terrorist attacks, major disasters, and other emergencies. Terrorism preparedness is therefore an integral part of all-hazards preparedness and it is the current national priority defined by the President and Congress. While some of the grants being transferred have a specific terrorism focus, such as the Port Security grants, others, such as the Emergency Management Performance Grants (EMPG), currently do not. However, it is critical that all SLGCP grants contribute to implementing state and local homeland security plans, including terrorism preparedness.

DEPARTMENT OF HOMELAND SECURITY
Office of Inspector General

An Audit of Distributing and Spending
"First Responder" Grant Funds



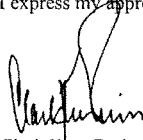
Office of Audits
OIG-04-15 March 2004

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (Public Law 107-296) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, investigative, and special reports prepared by the OIG periodically as part of its oversight responsibility with respect to DHS to identify and prevent fraud, waste, abuse, and mismanagement.

This report is the result of an assessment of the strengths and weaknesses of the program, operation, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein, if any, have been developed on the basis of the best knowledge available to the OIG, and have been discussed in draft with those responsible for implementation. It is my hope that this report will result in more effective, efficient, and/or economical operations. I express my appreciation to all of those who contributed to the preparation of this report.


Clark Kent Ervin
Inspector General

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Abbreviations

DHS	Department of Homeland Security
ODP	Office for Domestic Preparedness
OIG	Office of Inspector General
SDPP	State Domestic Preparedness Program
SHSGP	State Homeland Security Grant Program
SHSGP II	State Homeland Security Grant Program, Part II
DOD	Department of Defense
DOJ	Department of Justice
OJP	Office of Justice Programs
GMS	Grants Management System

OIG

*Department of Homeland Security
Office of Inspector General*

Introduction

Spurred by the events of September 11, 2001, Congress, state and local politicians, first responders, and the general public have become increasingly aware of the need to improve first responder preparedness for terrorist incidents. Federal funding for first responder grants increased 2,375 percent from 1999 to 2003. However, reports by recipients of the funds have criticized the slow rate at which the funds are being distributed.

This report describes the results of our review of the overall award, distribution, and spending of first responder grant funds awarded under the FY 2002 State Domestic Preparedness Program (SDPP), the FY 2003 State Homeland Security Grant Program (SHSGP), and the FY 2003 State Homeland Security Grant Program Part II (SHSGP II). Throughout this report, the term “first responder grants,” refers to all three grant programs. Department of Homeland Security (DHS) Office for Domestic Preparedness (ODP) is responsible for the programs.

OIG will be conducting independent audits of individual states’ management of first responder grants. Those audits will address how effectively the states are using grant funds and whether they are complying with grant requirements. In addition, we will conduct an audit to evaluate the effectiveness of ODP’s State Homeland Security Assessment and Strategy process. This process includes the use of a data collection tool to assist states in conducting threat, risk, and needs assessments.

Results in Brief

States, local jurisdictions, and first responder organizations have been slow to receive and spend ODP first responder grant funds. As of February 2004, the majority of the \$882 million in FY 2002 SDPP and FY 2003 SHSGP first responder grant funds were awarded by ODP but still remained in the U.S. Treasury. The majority of the \$1.5 billion awarded in SHSGP II funds also remained with the U.S. Treasury. ODP statistics show drawdowns¹ of 36 percent,

¹ The term, “drawdowns,” refers to grant funds disbursed from federal accounts to state grantees to be spent on approved equipment, training, and exercises.

13 percent, and 10 percent, respectively. However, those statistics are somewhat misleading, and the spending picture is not as bad as it appears. In some instances, states and local jurisdictions had delayed spending funds pending the completion of state-wide risk assessments and homeland security strategies and the development of detailed spending plans, believing that spending the funds wisely was more important than spending them immediately. In addition to delays caused by states' developing strategies and detailed plans for spending the funds wisely, we identified numerous other reasons for delayed spending. While some of the delays are unavoidable, others can be reduced. ODP's application process was not a major reason for delays. For the most part, state officials praised ODP and believed that ODP processed grant applications in a timely manner.

To ensure that the nation's first responders are prepared for incidents of terrorism, ODP should: 1) require more meaningful reporting by grantees and develop performance standards that can be used to measure the overall success of the grant programs; 2) assist state planning efforts by accelerating the development of federal guidelines for first responder capabilities, equipment, training, and preparedness exercises; and 3) work with grantees to identify and publicize best practices and strategies that speed spending.

DHS recently proposed a consolidation of its preparedness grant programs, including first responder terrorism grants, and combining ODP and the Office of State and Local Coordination into one office. Through this consolidation, DHS intends to correct its fragmented approach to delivering preparedness grant programs, streamline the grant application process, and better coordinate federal, state, and local grant funding distribution and operations.

Background

In 1996, Congress tasked the Department of Defense (DOD) with enhancing the capability of federal, state, and local emergency responders in incidents that involve nuclear, biological, or chemical terrorism. DOD began by offering and managing equipment loans to 68 cities for training and personal protection equipment.² In 1998, the Department of Justice's (DOJ) Office of Justice Programs (OJP) began offering its own preparedness grants to cities through its Office for State and Local Domestic Preparedness Support, which was later renamed the "Office for Domestic Preparedness (ODP)." In 2000, ODP was

² Referred to as the Nunn-Lugar-Domenici Domestic Preparedness Program.

given responsibility for completing DOD's preparedness grant program. Over the years, the grant program grew slowly and shifted from grants directly to cities to grants to states, which were sub-granted to local jurisdictions. Subsequently, the program was expanded from funding just equipment to include the cost of administration, training, planning, and preparedness exercises. Funding for the program increased from \$83.5³ million in 1999 to over \$2 billion in FY 2003.

In March 2003, the program was transferred to DHS. During this transfer, the grants became commonly known as "first responder" grants. First responders include public safety personnel working in law enforcement, emergency medical services, emergency management, fire service, public works, government administration, health care, and public health.

ODP has continued DOD's and DOJ's mission to oversee the enhancement of state and local jurisdictions' ability to respond to, and mitigate the consequences of, incidents of terrorism through the delivery of first responder grants. The grants aid states and local jurisdictions with administration and planning costs as well as the cost of acquiring specialized training, conducting preparedness exercises, and acquiring equipment necessary to safely respond to and manage terrorist incidents involving weapons of mass destruction, with a focus on chemical, biological, radiological, nuclear, and explosives preparedness.

While ODP is responsible for the first responder grant program, it continues to rely upon DOJ's OJP for grant distribution and financial management support. ODP also uses OJP's automated Grants Management System (GMS). Once Congress appropriates funding, ODP uses GMS to post grant solicitation notices and to make grant applications available. In addition to other grants, ODP managed one first responder grant program in FY 2002, SDPP, and two grant programs in FY 2003, SHSGP and SHSGP II. Funding for these programs totaled \$2.4 billion. See appendix C for a list of the 56 states and territories awarded ODP grants in FY 2002 and FY 2003 and the amounts awarded.

State and territory governors are responsible for appointing a state administrative agency that applies for and manages the grants and acts as the liaison between ODP and local jurisdictions. For most of the grant awards, states are required to allocate at least 80 percent to local jurisdictions and use OJP's GMS to apply for the grants.

³ 1999 funding does not include amounts that may have been provided by DOD.

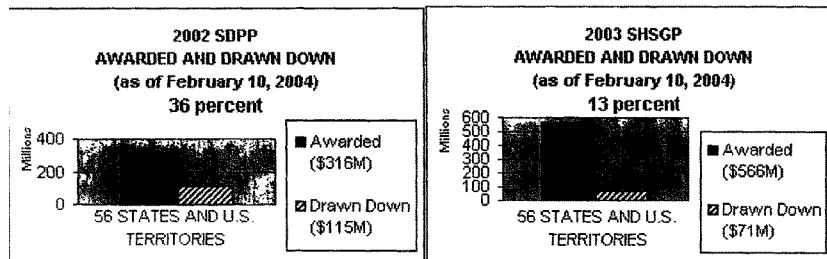
At DHS, ODP was initially placed under the Border and Transportation Security Directorate. However, recently proposed legislation and a DHS realignment plan call for ODP and all DHS first responder and emergency preparedness grants to be managed by DHS's Office of State and Local Government Coordination and Preparedness.

States and Locals Slow to Spend Funds, Although More Had Been Committed or Obligated

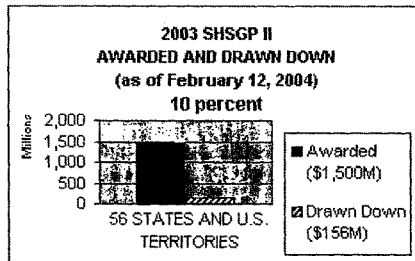
As of February 2004, the majority of the \$2.4 billion in FY 2002 and FY 2003 first responder grant funds awarded to the 56 states and territories remained unspent and in the U.S. Treasury. However, draw down statistics do not tell the whole story when trying to gauge the progress being made by states, local jurisdictions, and first responders, because they only measure funds disbursed to the states. Although only a small percentage of the funds had been drawn down, much of the remainder had been committed or obligated⁴ by the states to local jurisdictions for specific purchases.

Funds Awarded and Drawn Down by the States

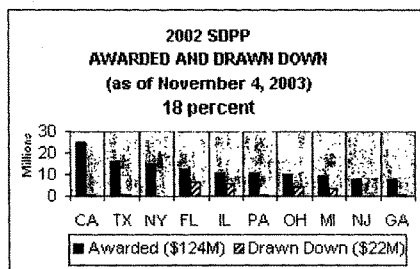
As of February 10, 2004, the 56 states and territories had drawn down only 36 percent of FY 2002 awards, and 13 percent and 10 percent, respectively, of FY 2003 SHSGP and SHSGP II awards. The FY 2002 awards were made 16 months previously, and the FY 2003 SHSGP and SHSGP II awards were made eight months and seven months previously. (See appendix C for FY 2002 and FY 2003 grant awards and appendix D for drawdowns.) The following charts compare the amounts of funds awarded with the amounts of funds drawn down.



⁴ An "obligation" is a binding agreement that will result in the outlay of funds (spending).



We sampled ten states that had been awarded \$124 million of FY 2002 first responder grants. Those states received 39 percent of the total FY 2002 funding. As of November 4, 2003,⁵ 12 months after the funds had been awarded, \$102 million, or 82 percent, had not been drawn down by the states. The states we sampled were: Texas, Georgia, Illinois, Ohio, Florida, Michigan, New York, New Jersey, California, and Pennsylvania. The following chart shows amounts awarded and drawn down by those states.



Of the \$124 million, 18 percent, or \$22 million, had been drawn down by the states; 33 percent, or \$41 million, was not available to be drawn down because the states had not completed grant application requirements causing ODP to place

⁵ More recent information on funds held by ODP was not available when the audit was performed. Consequently, for comparability purposes, the OIG used disbursement data as of November 4, 2003, and did not include SHSGP II data.

a hold on the funds. The remaining 49 percent, or \$61 million, was available but had not been drawn down. The following chart shows those amounts for FY 2002 and FY 2003 grants.

GRANT FUNDS AVAILABLE AND DRAWN DOWN						
2002 (SDPP)	9/2002	\$124m	\$41m	\$61m	\$22m	18%
2003 (SHSGP)	5/2003	\$224m	\$64m	\$145m	\$15m	7%
Total	-	\$348m	\$105m	\$206m	\$37m	11%

The 10 states showed little improvement drawing down FY 2003 SHSGP first responder grant funds. In five months, 7 percent, or \$15 million, of the \$224 million awarded, had been drawn down.

Funds Obligated and Spent by the States

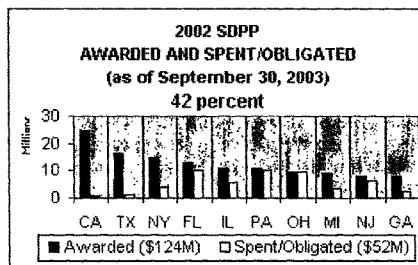
Although only a small percentage of the funds had been drawn down, much of the remainder had been committed or obligated. In addition, some states and jurisdictions had already purchased equipment but had not yet requested reimbursement under the grant. Also, some state officials told us that they do not always draw down funds immediately after incurring expenses. Some states wait until the end of the month to draw down grant funds. States are not required to draw down grant funds as they incur program expenses.

The amounts of funds drawn down by states provide an incomplete picture of the progress states and local jurisdictions are making. A more accurate way to monitor progress would be to identify the amount of funds obligated and spent (outlays) by the states and local jurisdictions. For example, as of September 30, 2003, Ohio and Pennsylvania obligated and spent over 98 percent of their FY 2002 grant awards, while ODP's grant payment history reports showed that only 36 percent and 8 percent, respectively, were drawn down. For the 10 states in our sample, obligations and spending totaled 42 percent versus 18 percent reported as drawn down.

Obligations represent funds that are set aside, under a binding agreement, and will be spent for a particular purpose. Outlays represent expenditures, whether

or not funds have been drawn down from the federal grant account. Combining the two provides a better picture of what states have accomplished in executing the grants. States are required to report obligations and outlays quarterly on a federal standard form known as an SF 269, or Financial Status Report. However, 30 of the 56 states and territories do not report obligations because they report grant activity on a cash, rather than an accrual basis. They report only outlays. ODP should collect both obligations and outlays from all states and use that information to monitor and report on states' progress.

The following chart depicts grant funds obligated and spent for the 10 states in our sample.



With respect to all 56 states and territories, they had obligated and spent 23 percent of their combined FY 2002 SDPP and FY 2003 SHSGP grant funds as of September 30, 2003. That was more than twice the amount reported as drawn down.

ODP Processing Times Have Improved but State and Local Delays Continue

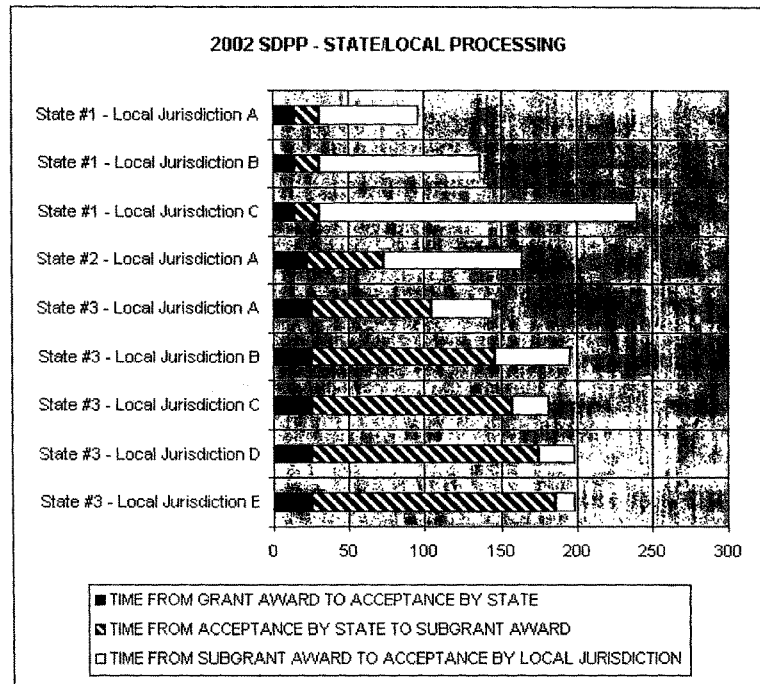
During FY 2003, ODP reduced its time to make application guidance and on-line applications available to states, process grant applications, and award the grants after the states submitted their grant applications. On average, for our sample of 10 states, the 2002 grants took 292 days to process, whereas it took 77 days to process FY 2003 grants. ODP was responsible for 223 of the 292 days to process FY 2002 grants and 35 of the 77 days to process FY 2003 grants. The majority of the improvement in timeliness was due to ODP's making applications available

more quickly. The remaining days were used by states to submit their grant applications to ODP. There was also improvement in the number of days it took states to submit their applications. The following chart shows average processing times for FY 2002 and FY 2003 grants in our sample of 10 states.

IMPROVED PROCESSING OF FIRST RESPONDER GRANTS					
2002 - SDPP Average	165	69	58	223	292
2003 - SHSGP Average	17	42	18	35	77

OIG heard complaints that the number of steps in the application process inhibited spending. However, for the most part, states praised ODP's technical assistance, automated grant application process, and reductions in the amount of time ODP took to approve grants. Most state officials thought ODP processed their applications in a timely manner.

State and local governments were sometimes responsible for delaying the delivery of FY 2002 grant funds to first responders. States had to submit a homeland security strategy. Grants had to be accepted by the states, awarded to local jurisdictions by the states, and accepted by the local jurisdictions. These processes required approval by various governing and political bodies within the states and local jurisdictions. Only three states were able to provide us data on the time taken for these processes. In one of the three states, it took 22 days to accept ODP's grant award and 51 days to award a sub-grant to one of its local jurisdictions; it then took 92 days for the local jurisdiction to accept the grant. The second state took 25 days to accept ODP's grant award and 80 to 161 days to award funds to local jurisdictions; it then took 13 to 50 days for the jurisdictions to accept the awards. The third state took 14 days to accept the grant, 17 days to award funds to its jurisdictions, and the jurisdictions took from 66 to 210 days to accept the awards. The following chart shows processing time variances for nine jurisdictions in three states.



A congressional effort to speed delivery of FY 2003 funds may not have been effective and, in some cases, may have slowed spending of FY 2002 funds. Congress adopted appropriation language for the FY 2003 SHSGP II grant program that required states to transfer first responder grant funds within 45 days of the funds being awarded by ODP to ensure that states pass funds down to locals quickly. In response, ODP required states to obligate funds to local jurisdictions within 45 days. However, this action had a limited effect because most states are meeting the 45-day timeframe by using a loose definition of "obligate." DHS

allows states to count funds as obligated when the states have agreed to allocate a specific amount of the grant to a state agency or local jurisdiction, even though the state has not determined specifically how the funds will be spent or when contracts for goods and services will be let. The short deadlines also force states to reduce the amount of time they spend planning. As a result, funds are still not reaching local jurisdictions in 45 days, and meeting the deadline often caused states and local jurisdictions to delay spending prior year grant funds. In addition, many of the reasons given for delays, as described below, point to administrative processes that need to be streamlined.

Reasons for Delays

There were numerous reasons given for delays in spending the grant funds - some may be unavoidable, while others indicate problems that need to be addressed.

States are responsible for identifying the highest priority for spending the grant funds. That can be an extremely difficult task, and most states we visited were not satisfied with needs analyses they did prior to September 11, 2001. Some states took the time to update outdated needs analyses, and one state delayed FY 2002 spending until it could complete a new assessment using ODP's FY 2003 needs assessment tool. Additionally, there is little consistency in how the states manage the grant process. They use various methods for identifying and prioritizing needs and allocating funds. They may rely on the work of regional taskforces, statewide committees, county governments, mutual aid groups, or local fire and police organizations. Some states purchase equipment and deliver it to users, while others sub-grant the money directly to jurisdictions. When deciding how to allocate the grants among jurisdictions, states variously use population, threat, risk, and governors' discretion.

Following are some of the specific reasons given by state, local jurisdiction, and first responder representatives for delays in spending. The reasons are grouped by category: federal requirement and guidelines; state and local planning processes; and procurement issues.

Federal requirements and guidelines

1. States complained that there are too many different first responder preparedness grant programs that must be considered in too short a time. This makes processing more difficult than in the past. ODP has made progress in

expediting the awarding of grants; however, the number and dollar volume of grants, and expanded planning and application requirements has reduced the states' and local governments' ability to plan for and spend the funds quickly. In FY 1999, there were two first responder terrorism preparedness grant programs valued at \$83.5 million. In FY 2003 there were six terrorism preparedness grant programs valued at \$2.8 billion. Nine of the ten states believed that the application process was not difficult. Others complained of short timelines and inconsistent guidelines.

2. There are communication problems at all levels. Inadequate communication creates confusion about eligibility, year-to-year changes in requirements, and the grant process. DHS announcements about fund availability lead to unrealistic expectations on the part of local governments and first responder organizations. States also pointed to confusion caused by changes ODP has made in its eligible equipment lists. While states appreciate that more equipment is now eligible for purchase, they believed that they should be allowed to purchase equipment recently added to the list with prior year grant funds. They said it is difficult and time consuming to track funding by program year to ensure that they do not use prior year funds to purchase what was ineligible equipment.
3. Overall, state and local officials had very few concerns about ODP's grant application process, but they did believe that aspects of the process could be simplified. Of the ten states in our sample, only one believed that ODP's application process required too much detail to complete and that timelines were too short, although others agreed that they should carefully plan and decide how they will use the grant funds prior to receiving the funds. States also complained that equipment budget worksheets had to be revised several times before being approved by ODP, and that reporting requirements were continually expanding. A general complaint was that too many plans are required for the various preparedness grant programs. They want a "one-stop shop" to consolidate and standardize requirements.
4. Planning efforts are often delayed because first responders and emergency managers do not have clear federal guidelines for equipment, training, and exercises and for preparedness levels, thus making it difficult to determine their highest priority needs and to decide how best to spend grant funds. State officials and first responders believed that the development of federal guidelines for first responders should be accelerated, and include such areas as interoperability, terminology and performance measurement. For example,

one official believed that the guidelines for training levels were vague and did not identify the level of training various first responders would need. Another official believed that if equipment guidelines were established there would be fewer problems with interoperability. Some suggested that DHS provide recommendations, or benchmarks, as to capability levels for first responders.

On December 17, 2003, the President issued a Homeland Security Presidential Directive requiring that DHS develop a national domestic all-hazards preparedness goal. This goal will establish measurable readiness priorities and targets, including development of standards for preparedness assessments and strategies, and a system for assessing the nation's overall preparedness. It is to be submitted to the President with DHS's FY 2006 budget submission.

State and local planning processes

1. The planning process is complex and takes time. Grant applications require threat, risk, capability, vulnerability, and needs assessments. Finding consensus among hundreds of local jurisdictions and first responders on priorities and what to buy takes time. For example, in Texas, there are 1,449 local jurisdictions eligible to receive first responder grant funds. The state requires that the local jurisdictions participate in its statewide planning and assessment process to be eligible for an award. While only 95 local jurisdictions participated in the state's 2000 process, 753 participated in 2003. The planning and assessment process required each jurisdiction and its first responders to evaluate its needs and capabilities in ten responder disciplines, i.e., fire services, hazardous materials, emergency medical services, law enforcement, public works, government administration, public safety communication, health care, public health, and emergency management. Jurisdictions use the assessment to create an equipment list that they forward to a regional council established by the state. The councils review the lists and send a final list to the state for further review and approval.

Georgia created All Hazard Councils (AHCs) in each of the eight regions within the state. These teams are made up of first responders from each of the first responder areas. The planning process begins with the locals, who send information up to the AHC in their region. The AHC, in turn, gathers and submits these local views to the state. These examples illustrate how creating a needs assessment and determining an appropriate equipment list can be a lengthy process.

We also visited Massachusetts, which was outside our sample, because it was the only state that had spent most of its FY 2002 first responder grant funds when the audit began in April 2002. Within a year of receiving its award, Massachusetts had spent 86 percent of its total grant award. The state was able to do this by forming a state strategy team that set spending priorities relatively quickly, and by using state staff to procure equipment centrally for all local jurisdictions. The Strategy Team was comprised of representatives from Massachusetts' Emergency Management Agency, State Police, National Guard, Hazardous Response Teams, and Department of Public Health, and from the Fire Chiefs Association, the Police Chiefs Association, and local Emergency Management Directors. The team met numerous times and reviewed the state's pre-September 11, 2001, needs analyses and recommendations from local officials before reaching a consensus. The team decided not to prioritize FY 2002 spending as outlined in the needs analyses but chose to: 1) use 64 percent of the funds to purchase 65 mass decontamination units; 2) enhance statewide communication capabilities; and 3) purchase specialized personal protective and detection equipment. Therefore, most of the funding was spent quickly on a fairly expensive type of equipment, from one vendor.

2. Building regional structures within the states, which some states have and some have not, takes time. In our sample of 10 states, California, Georgia, Florida, Illinois, Pennsylvania, and Texas used a regional approach, while the others did not. While we were unable to determine the impact of these regional structures on spending delays, some regions are finding it difficult to recruit members and chairpersons, and to find jurisdictions willing to take on the responsibility of providing purchasing and accounting services for the entire region. Another state, Ohio, said it would soon adopt a regional structure but was unsure about how best to group its 88 counties and 5 state agencies.
3. State officials told us that they prefer to go slow to get it right. The consensus was that it is more important to spend time planning than to spend money quickly. For most of the grants, states have two or three years to spend the money. Some prefer to spend prior-year money first.
4. State legislatures and county and city boards or councils sometimes cause administrative delays in accepting grants, approving distribution, and approving expenditures. Six of the ten states we sampled cited the length of

their own state's review and approval process as one of the top three reasons that the funds have not been spent.

5. Inadequate staffing is a problem in many states and jurisdictions. The recent economic downturn and budget shortages have made it difficult for states to fund administrative positions. FY 2003 grants added more funding for administering the grants.

Procurement issues

1. State and local procurement processes can be long. Many of the equipment purchase methods have proved to be slow due to internal processing delays. Some states purchase equipment centrally for all jurisdictions, while others sub-grant funds so that purchases are made by local jurisdictions.
2. Equipment delivery delays may be unavoidable. Many of the equipment items being purchased are the same items purchased by the military – a higher priority for the vendors. Representatives for seven states in our sample of 10 said that purchasing equipment was challenging. Five said equipment backorder was one of the main reasons for spending delays.
3. State and local officials and first responders were fearful that the federal funding stream may not continue, so that equipment purchased with the grants cannot be maintained or replaced when obsolete, and training and exercises will have to be stopped. Long-term and stable funding would allow state and local governments to plan for, build, and maintain an appropriate emergency preparedness and response capability. This concern may have been exacerbated since the department's FY 2005 DHS budget request reduces terrorism preparedness grant funding by \$800 million from the previous year.

Monitoring and Measuring Performance

Efforts to monitor and measure the impact of first responder grants needs to be improved.

ODP has not implemented a formal grant monitoring system, nor has ODP staff conducted frequent field visits to grant recipients. None was conducted in FY 2002 or FY 2003. ODP has drafted monitoring guidance but has only partially implemented it. Overall, the draft guidance appears reasonable, and should be finalized and implemented as soon as possible.

OJP and state program officials are responsible for financial monitoring of first responder grants. OJP conducted 19 reviews of FY 2002 ODP grants, and only six reviews of the FY 2003 grants. OJP did not provide a specific explanation for the drop in reviews, but did note that ODP grants are only a small portion of the DOJ grants that it is responsible for reviewing. In addition, OJP's policy is not to review the same grantee within a two-year period, unless there are extraordinary circumstances. ODP needs to ensure that financial monitoring of its first responder grant programs is conducted more frequently to ensure that the states are effectively using grant funds.

In March 2002, DOJ OIG reported that ODP had not established performance measures or a method for determining whether grant funding provided to states improved their capability to respond to terrorist incidents. Since that report, ODP has provided states guidance on performance measures and plans to integrate information received from the states with data received from its new assessment tool. ODP requires states to measure performance improvement by the number of local jurisdictions that conducted exercises and enhanced capability with new equipment and training. However, such measures do not fully address how federal funding has increased preparedness and response capabilities. For example, the training measure does not describe how first responders' skills have been improved or the level to which they have been trained. ODP should design measures that can be used to create a national picture of the increases in first responder preparedness and response capabilities and that can demonstrate the overall success of its grant programs. In addition, most state and local officials we spoke with said they have not yet had the time or resources to address measuring performance improvements resulting from the grants. This issue is quickly increasing in importance and will need ODP's attention in the near future.

Consolidation of Preparedness Grants

Since FY 1998, state and local governments responsible for emergency preparedness and response have been calling for the establishment of a "one-stop-shop" that would consolidate the various federal preparedness grants into a single, streamlined comprehensive program. In response, DHS is moving selected grants currently in the Emergency Preparedness & Response Directorate and the Border and Transportation Security Directorate into the Office of State and Local Government Coordination and Preparedness. Grants proposed for moving to the new office include Homeland Security Grants, Assistance to Firefighters Grants, Emergency Management Performance Grants, Port Security Grants, and other grant programs.

DHS believes that the benefits of the consolidation will include a simplified application and award process, enhanced assistance that would allow states to better implement their Statewide Homeland Security Strategies, and the development of comprehensive preparedness programs in support of those strategies. Overall, the department should be better positioned to provide consistency in policy and program development, improved efficiency in program management and implementation, and a greater ability to evaluate program success. OIG strongly supports this effort and will monitor its implementation.

Conclusion and Recommendations

States, local jurisdictions, and first responder organizations have been slow to receive and spend ODP first responder terrorism preparedness grant funds. However, the statistics on drawdowns are somewhat misleading, and the spending picture is not as bad as it appears. In some instances, states and local jurisdictions had delayed spending funds pending the development of detailed spending plans, believing that spending the funds wisely was more important than spending them immediately. In addition to delays caused by states developing detailed plans for spending the funds wisely, we identified numerous other reasons for delayed spending. While some of the delays are unavoidable, others can be reduced. ODP's application process was not a major reason for delays. For the most part, state officials praised ODP and thought ODP processed grant applications in a timely manner. The OIG recommends that the Director, Office for Domestic Preparedness:

1. Require more meaningful reporting by states so ODP can track progress more accurately and assist states when necessary. Specifically, ensure that the definition of *obligation* is consistent for both programmatic and financial reporting purposes and require states using a "cash basis" accounting system to report the value of binding agreements to be funded by first responder grant funds.
2. Seek a legislative change to revise or eliminate the 45-day transfer rule to allow more time for planning.
3. Identify and publish best practices that result in faster and more efficient grant processing and spending. For example, identify state procurement practices that result in first responder equipment being supplied in a timely and cost effective manner.

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4. Accelerate the development of federal guidelines for first responder capabilities, equipment, training, and exercises.
 5. Publish program monitoring guidance and ensure that states report their progress in achieving program and performance goals and objectives.
 6. Monitor state oversight of local jurisdictions' compliance with grant requirements, and develop performance standards that can be used to measure the overall success of the grant programs, including baselines against which to measure progress.
 7. Consider allowing states to use the most recent ODP-approved equipment list when purchasing equipment with prior-year grant funds.

Purpose, Scope, and Methodology

The objective of the audit was to determine whether the distribution and spending of first responder grant funds were being delayed and, if so, to identify the reasons for delays. We evaluated ODP's grant award process, drawdowns and spending by each state, and distributions to local governments to identify significant delays.

We visited the emergency management or homeland security offices of 11 states, 31 local governmental organizations that manage first responder funds, and 38 first responder organizations. We selected as our sample the ten states that received the most funding: Texas, Georgia, Illinois, Ohio, Florida, Michigan, New York, New Jersey, California, and Pennsylvania. These ten states were awarded \$124 million, or 39 percent, of the \$316 million in grant funds awarded in FY 2002. We also visited Massachusetts, which was outside our sample, because it was the only state that had spent most of its FY 2002 grant funds. In each of the states, we interviewed responsible program officials and first responders. Also, we reviewed ODP and OJP program and financial files, as well as documentation provided to us by state and local officials. We relied upon OJP's draw down data to determine the amount of grant funds that remained with ODP. Specific information on state, local jurisdictions, and first responder organizations that we visited is identified in appendix B.

Audit work was conducted between April 2003 and December 2003 and was performed under the authority of the Inspector General Act of 1978, as amended, and according to government auditing standards.

Throughout the audit, OIG worked closely with ODP and OJP officials. The cooperation and courtesies extended to the audit team are appreciated. The principal OIG points of contact for the audit are Assistant Inspector General for Audits, J. Richard Berman, (202) 254-4100, and Dennis White, Director, Emergency Preparedness and Response, (202) 254-4157. Major OIG contributors to the audit are identified in appendix H.

1. California**a. State Agencies**

- i. California Office of Homeland Security
- ii. California Office of Emergency Services

b. Local Governmental Organizations

- i. Santa Clara County - Office of Emergency Services
- ii. City of San Jose - Office of Emergency Services
- iii. Los Angeles County - Office of Emergency Management
- iv. San Diego County - Office of Emergency Services

c. First Responders

- i. Santa Clara County, Office of the Sheriff
- ii. San Jose Police
- iii. City of Solana Beach - Public Safety

2. Florida**a. State Agencies**

- i. Florida Department of Community Affairs, Division of Emergency Management Agency

b. Local Governmental Organizations

- i. Broward County Commission, Department of Safety and Emergency Services, Fire Rescue Division
- ii. Miami-Dade County Office of Emergency Management

c. First Responders

- i. Broward County Sheriff's Office
- ii. City of Hollywood - Fire/Rescue
- iii. Miami-Dade Fire Rescue
- iv. City of Miami - Fire Department
- v. Jackson Memorial Hospital
- vi. University of Miami, School of Medicine, Florida Poison Information Center
- vii. City of Hialeah - Fire Department
- viii. Palm Beach County Sheriff's Office
- ix. Delray Beach - Fire Department
- x. St. Mary's Medical Center

3. Georgia**a. State Agencies**

- i. Georgia Emergency Management Agency
- ii. Georgia Public Safety Training Center

Appendix B
State and Local Jurisdictions Visited During the Audit

b. First Responders

- i. Cobb County Fire and Emergency Services
- ii. Fulton County Fire Department
- iii. DeKalb County Fire and Rescue Department

4. Illinois

a. State Agencies

- i. Illinois Emergency Management Agency

b. Local Governmental Organizations

- i. Mutual Aid Box Alarm System (Fire)
- ii. Illinois Law Enforcement Alarm System (Police)
- iii. City of Chicago Grants Management

c. First Responders

- i. Elmhurst Police
- ii. Plainfield Police

5. Massachusetts

a. State Agencies

- i. Massachusetts Executive Office of Public Safety (Boston)
- ii. Massachusetts Emergency Management Agency (Framingham)
- iii. Massachusetts State Police Marine Section (Boston Harbor)

b. First Responders

- i. City of Concord Fire Department
- ii. City of Worcester Fire Department

6. Michigan

a. State Agencies

- i. Michigan Department of State Police, Homeland Security

b. Local Governmental Organizations

- i. Kent County Sheriff Department
- ii. Oakland County –
- iii. County Executives Office, Special Projects
- iv. Emergency Response and Preparedness Unit
- v. City of Detroit, Office of Homeland Security and Emergency Management
- vi. Wayne County, Department of Homeland Security and Emergency Management
- vii. The Downriver Community Conference

c. First Responders

- i. Kent County Sheriff Department

Appendix B
State and Local Jurisdictions Visited During the Audit

- ii. Spectrum Health
- iii. Commerce Township Fire Department
- iv. Milford Township Fire Department
- v. City of Detroit - Fire Department
- vi. City of Taylor- Fire Department
- vii. City of Trenton – Disaster Emergency Response Team

7. New Jersey

a. State Agencies

- i. New Jersey Department of Law and Public Safety

b. Local Governmental Organizations

- i. Essex County - Office of Emergency Management
- ii. Middlesex County - Health Department

c. First Responders

- i. Bergen County Police

8. New York

a. State Agencies

- i. New York State Executive Director of the Weapons of Mass Destruction Task Force (Albany)

b. Local Governmental Organizations

- i. Erie County - Emergency Services Commissioner
- ii. New York City –
 - 1. Office of Management and Budget
 - 2. Office of Emergency Management
- iii. Suffolk County –
 - 1. Office of Emergency Management
 - 2. Suffolk County Deputy Commissioner
 - 3. Department of Health Services, Division of Emergency Services

c. First Responders

- i. Suffolk County Fire and Rescue
- ii. Suffolk County Police Department

9. Ohio

a. State Agencies

- i. Ohio Emergency Management Agency (EMA)
- ii. Ohio Department of Administrative Services

b. Local Governmental Organizations

- i. Franklin County – Emergency Management Agency

Appendix B
State and Local Jurisdictions Visited During the Audit

- ii. Cuyahoga County - Emergency Services Division

10. Pennsylvania

a. State Agencies

- i. Pennsylvania Emergency Management Agency

b. Local Governmental Organizations

- i. Southeastern Pennsylvania Regional Terrorism Task Force
- ii. Southwestern Pennsylvania Emergency Response Group
- iii. South Central Pennsylvania Region Counter-Terrorism Task Force

c. First Responders

- i. Northampton Township Police
- ii. Southampton Fire Co.
- iii. Bucks County Hazardous Incident Response Team

11. Texas

a. State Agencies

- i. Texas Engineering Extension Services (TEEX), College Station - a component of the Texas A&M University system

b. Local Governmental Organizations

- i. City of Houston – Office of Emergency Management
- ii. City of Dallas – Emergency Preparedness
- iii. City of San Antonio Office of Emergency Management

c. First Responders

- i. Dallas Fire-Rescue
- ii. Dallas Police Department
- iii. San Antonio Fire Department
- iv. San Antonio Police Department
- v. Corpus Christi Fire Department

Appendix C
FY2002 SDPP and FY2003 SHSGP and SHSGP II Awards

STATE	2002 SDPP	2003 SHSGP	2003 SHSGP II	TOTAL AWARDS	
				Amount	Percentage of Total
Alabama	\$5,317,000	\$9,457,000	\$25,049,000	\$39,823,000	1.7%
Alaska	2,783,000	4,995,000	13,230,000	21,008,000	0.9%
American Samoa	828,000	1,482,000	3,926,000	6,236,000	0.3%
Arizona	5,770,000	10,584,000	28,033,000	44,387,000	1.9%
Arkansas	4,141,000	7,394,000	19,585,000	31,120,000	1.3%
California	24,831,000	45,023,000	119,256,000	189,110,000	7.9%
Colorado	5,220,000	9,480,000	25,111,000	39,811,000	1.7%
Connecticut	4,626,000	8,265,000	21,883,000	34,784,000	1.5%
Delaware	2,887,000	5,185,000	13,733,000	21,805,000	0.9%
District of Columbia	2,747,000	4,910,000	13,006,000	20,663,000	0.9%
Florida	12,967,000	23,654,000	62,655,000	99,276,000	4.2%
Georgia	7,797,000	14,188,000	37,579,000	59,564,000	2.5%
Guam	892,000	1,596,000	4,226,000	6,714,000	0.3%
Hawaii	3,172,000	5,693,000	15,079,000	23,944,000	1.0%
Idaho	3,226,000	5,803,000	15,375,000	24,404,000	1.0%
Illinois	10,604,000	18,879,000	50,005,000	79,488,000	3.3%
Indiana	6,400,000	11,399,000	30,194,000	47,993,000	2.0%
Iowa	4,308,000	7,656,500	20,282,000	32,246,500	1.4%
Kansas	4,151,000	7,401,000	19,603,000	31,155,000	1.3%
Kentucky	5,048,000	9,001,000	23,838,000	37,887,000	1.6%
Louisiana	5,331,000	9,451,000	25,037,000	39,819,000	1.7%
Maine	3,213,000	5,751,000	15,232,000	24,196,000	1.0%
Maryland	5,881,000	10,585,000	28,037,000	44,503,000	1.9%
Massachusetts	6,579,000	11,711,000	31,020,000	49,310,000	2.1%
Michigan	8,958,000	15,918,000	42,162,000	67,038,000	2.8%
Minnesota	5,631,000	10,078,000	26,690,000	42,397,000	1.8%
Mississippi	4,255,000	7,582,000	20,083,000	31,920,000	1.3%
Missouri	6,079,000	10,834,000	28,697,000	45,610,000	1.9%
Montana	2,967,000	5,303,000	14,047,000	22,317,000	0.9%
Nebraska	3,502,000	6,254,500	16,568,000	26,324,500	1.1%
Nevada	3,693,000	6,771,000	17,935,000	28,399,000	1.2%
New Hampshire	3,328,000	5,727,000	15,172,000	24,227,000	1.0%
New Jersey	7,948,000	14,222,000	37,671,000	59,841,000	2.5%
New Mexico	3,574,000	6,401,000	16,956,000	26,931,000	1.1%
New York	14,953,000	26,492,000	70,172,000	111,617,000	4.7%
North Carolina	7,706,000	13,908,000	36,840,000	58,454,000	2.5%
North Dakota	2,794,000	4,983,000	13,200,000	20,977,000	0.9%
Northern Mariana Islands	835,000	1,496,000	3,963,000	6,294,000	0.3%

Appendix C
FY2002 SDPP and FY2003 SHSGP and SHSGP II Awards

Ohio	9,897,000	17,510,000	46,378,000	73,785,000	3.1%
Oklahoma	4,656,000	8,304,000	21,996,000	34,956,000	1.5%
Oregon	4,637,000	8,336,000	22,081,000	35,054,000	1.5%
Pennsylvania	10,912,000	18,976,000	49,189,000	79,077,000	3.3%
Puerto Rico	4,894,000	8,727,000	23,118,000	36,739,000	1.5%
Rhode Island	3,003,000	5,305,000	14,540,000	22,848,000	1.0%
South Carolina	5,028,000	9,017,000	23,882,000	37,927,000	1.6%
South Dakota	1,208,000	2,111,000	5,551,000	8,870,000	0.4%
Tennessee	6,140,000	10,978,000	29,080,000	46,198,000	1.9%
Texas	3,849,000	6,937,000	18,374,000	29,160,000	1.2%
Utah	3,849,000	6,937,000	18,374,000	29,160,000	1.2%
Vermont	0	0	0	0	0%
Virginia	7,062,000	12,716,000	33,683,000	53,461,000	2.2%
Virgin Islands	0	0	0	0	0%
Washington	6,276,000	11,294,000	29,917,000	47,487,000	2.0%
West Virginia	0	0	0	0	0%
Wisconsin	5,925,000	10,565,000	27,985,000	44,475,000	1.9%
Wyoming	0	0	0	0	0%
GRAND TOTAL	\$ 315,841,000	\$ 566,295,000	\$ 1,500,000,000	\$ 2,382,136,000	100.0%

Appendix D
FY2002 SDPP and FY2003 SHSGP and SHSGP II Draw Downs as of February 2004

State	FY 2002 SDPP		FY 2003 SHSGP		FY 2003 SHSGP II	
	Awarded (\$10M)	Drawn (\$115M)	Awarded (\$5M)	Drawn (\$11M)	Awarded (\$5M)	Drawn (\$11M)
Alabama	\$5,317,000	\$2,866,889	\$9,457,000	\$98,821	\$25,049,000	\$1,622,255
Alaska	2,783,000	71,600	4,995,000	25,255	13,230,000	42,654
American Samoa	828,000	181,808	1,482,000	0	3,926,000	214,152
Arizona	5,770,000	2,552,407	10,584,000	1,440,515	28,033,000	1,268,200
Arkansas	4,141,000	1,409,372	7,394,000	2,521,666	19,585,000	3,241,401
California	24,831,000	2,519,960	45,023,000	2,966,828	119,256,000	19,074,457
Colorado	5,220,000	528,749	9,480,000	0	25,111,000	36,388
Connecticut	4,626,000	1,245,655	8,285,000	0	21,893,000	0
Delaware	2,887,000	0	5,185,000	0	13,733,000	0
District of Columbia	2,747,000	2,556,690	2,491,000	2,491,000	13,008,000	1,754,000
Florida	12,967,000	8,702,835	23,654,000	2,273,323	62,655,000	5,871,373
Georgia	7,797,000	942,500	14,188,000	1,858,500	37,575,000	2,788,100
Guam	892,000	753,037	1,596,000	75,566	4,226,000	0
Hawaii	3,172,000	74,071	5,693,000	125,534	15,079,000	1,125,000
Idaho	3,226,000	640,401	5,803,000	572,511	15,375,000	890,469
Illinois	10,604,000	5,777,509	18,879,000	4,955,513	50,005,000	0
Indiana	6,400,000	1,151,268	11,399,000	4,859,562	30,194,000	9,763,354
Iowa	4,308,000	3,444,273	7,656,500	58,210	20,282,000	267,344
Kansas	4,151,000	3,940,345	7,401,000	252,327	19,603,000	18,143
Kentucky	5,048,000	759,630	9,001,000	1,655,413	23,838,000	728,918
Louisiana	5,331,000	686,341	9,451,000	95,686	25,037,000	543,563
Maine	3,213,000	2,657,172	5,751,000	1,009,281	15,232,000	672,000
Maryland	5,881,000	4,244,702	10,585,000	275,912	28,037,000	379,785
Massachusetts	6,579,000	5,929,733	11,711,000	40,803	31,020,000	3,020,000
Michigan	8,958,000	5,875,820	15,918,000	574,941	42,162,000	194,246
Minnesota	5,631,000	3,014,307	10,076,000	351,914	26,690,000	494,163
Mississippi	4,255,000	107,619	7,582,000	724,245	20,083,000	391,420
Missouri	6,079,000	4,225,100	10,834,000	1,815,200	28,697,000	3,092,700
Montana	2,967,000	1,245,902	5,303,000	233,966	14,047,000	86,157
Nebraska	3,502,000	1,865,113	6,254,500	551,663	16,568,000	1,503,960
Nevada	3,693,000	2,874,192	6,771,000	1,259,919	17,935,000	845,534
New Hampshire	3,328,000	424,849	5,727,000	334,006	15,172,000	61,531
New Jersey	7,948,000	0	14,222,000	0	37,671,000	2,318,265
New Mexico	3,574,000	106,091	6,401,000	73,673	16,956,000	0
New York	14,953,000	0	26,492,000	13,000,000	70,172,000	60,000,000
North Carolina	7,706,000	3,517,086	13,908,000	516,434	36,840,000	250,620
North Dakota	2,794,000	1,240,166	4,983,000	565,640	13,200,000	148,962
Northern Mariana Islands	835,000	545,917	1,496,000	0	3,963,000	0

Appendix D
FY2002 SDPP and FY2003 SHSGP and SHSGP II Draw Downs as of February 2004

Ohio	9,897,000	5,435,537	17,510,000	2,652,971	46,378,000	1,500,277
Oklahoma	7,400,000		1,500,000		21,991,000	2,362,362
Oregon	4,637,000	682,682	8,336,000	199,478	22,081,000	675,958
Pennsylvania	10,512,000	2,971,263	18,570,000		45,118,000	720,720
Puerto Rico	4,894,000	182,426	8,727,000	0	23,118,000	0
Rhode Island	3,057,000		5,489,000			
South Carolina	5,028,000	2,539,155	9,017,000	276,082	23,882,000	262,375
South Dakota	2,000,000		5,441,000			
Tennessee	6,140,000	2,026,109	10,978,000	22,742	29,080,000	0
Utah	3,849,000	2,001,356	6,937,000	1,190,913	18,374,000	3,388,303
Virginia	7,062,000	5,560,966	12,716,000	4,175,589	33,683,000	11,140,543
Washington	6,276,000	2,527,968	11,294,000	6,355,323	29,917,000	1,211,789
Wisconsin	5,925,000	2,724,977	10,565,000	3,109,642	27,985,000	4,595,725
Wyoming						
GRAND TOTAL	\$315,841,000	\$ 114,637,167	\$ 566,295,000	\$ 70,721,430	\$ 1,500,000,000	\$ 156,409,171

The OIG recommends that the Director, Office for Domestic Preparedness:

1. Require more meaningful reporting by states so ODP can track progress more accurately and assist states when necessary. Specifically, ensure that the definition of *obligation* is consistent for both programmatic and financial reporting purposes and require states using a “cash basis” accounting system to report the value of binding agreements to be funded by first responder grant funds.
2. Seek a legislative change to revise or eliminate the 45-day transfer rule to allow more time for planning.
3. Identify and publish best practices that result in faster and more efficient grant processing and spending. For example, identify state procurement practices that result in first responder equipment being supplied in a timely and cost effective manner.
4. Accelerate the development of federal guidelines for first responder capabilities, equipment, training, and exercises.
5. Publish program monitoring guidance and ensure that states report their progress in achieving program and performance goals and objectives.
6. Monitor state oversight of local jurisdictions’ compliance with grant requirements, and develop performance standards that can be used to measure the overall success of the grant programs, including baselines against which to measure progress.
7. Consider allowing states to use the most recent ODP-approved equipment list when purchasing equipment with prior-year grant funds.

Appendix F
Management Comments



U. S. Department of Homeland Security

Office for Domestic Preparedness

Washington, D.C. 20531

MEMORANDUM

TO: Mr. Clark Kent Ervin
Inspector General

FROM: Ms. C. Suzanne Mendenhall
Director, Office for Domestic Preparedness

DATE: March 19, 2004

SUBJECT: ODP Response to OIG Draft Report on Distributing and Spending "First Responder" Grant Funds (A-03-09)

Thank you for providing the Office for Domestic Preparedness (ODP) with a copy of the *Draft Report on Distributing and Spending "First Responder" Grant Funds (A-03-09)*. We appreciate the opportunity to review the document and provide you with written comments on the report, specifically the recommendations made to our office. We have reviewed the report thoroughly and offer our written comments as an attachment to this memorandum.

In large part, ODP agrees with the report's characterization of the distribution and spending of homeland security grant funds provided to states and local jurisdictions by our office. We use the attached document to clarify both historical context of some situations portrayed in the report and some of the specific requirements of our grant programs and implementation processes. Where appropriate, we suggest substitute language.

Overall, ODP supports many of the recommendations offered in the draft report. Indeed, ODP has initiatives underway that address several of the issues raised in the "Conclusion and Recommendations" section. We have attached supporting documentation to illustrate our efforts in these areas where applicable.

If you have any questions regarding our comments, please ask your staff to contact Timothy Beres, Director of ODP's State and Local Program Management Division. He can be reached at 202-307-3702.

ODP again thanks you for allowing us to share our written comments on this report. We look forward to our continued partnership to improve our nation's homeland security.

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 1: OIG Draft Language
Throughout the document

Use of term "first responders" and "first responder grants"

Issue 1: ODP Response

The funds from SDPP and SHSGP I and II are not for first responders only. While it is true that the grant programs are referred to commonly as "first responder" grants, the term "homeland security grants" would provide a more accurate reflection of the audience targeted by the grant programs

Issue 2: OIG Draft Language
Page 3, section entitled "Introduction"

"This report describes the results of our review of the overall award, distribution, and spending of first responder grant funds awarded under the FY 2002 State Domestic Preparedness Program, the FY 2003 State Homeland Security Grant Program (SHSGP), and the State Homeland Security Grant Program Part II (SHSGP II)."

Issue 2: ODP Response

The third listed grant program should be referred to as "the FY 2003 State Homeland Security Grant Program Part II (SHSGP II)."

Issue 3: OIG Draft Language
Page 3, section entitled "Results in Brief"

"As of February 2004, the majority of the \$882 million in FY 2002 and FY 2003 first responder grant funds awarded under SDPP and the SHSGP remained with ODP. The majority of the \$1.5 billion awarded in SHSGP II funds also remained with ODP."

Issue 3: ODP Response

The majority of the \$882 million in FY 2002 and FY 2003 first responder grant funds awarded under SDPP and the SHSGP do not remain with ODP. ODP recommends the following language to clarify this issue:

"The \$882 million in FY 2002 and FY 2003 first responder grant funds awarded under SDPP and the SHSGP funds were awarded by ODP but were not drawn down upon by the grantee agency. Funds remain with the Treasury until the grantee performs a drawdown on those funds."

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**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 4: OIG Draft Language
Page 3, section entitled "Results in Brief"

"In some instances, states and local jurisdiction had delayed spending funds pending the development of detailed spending plans, believing that spending the funds wisely was more important than spending them immediately. In addition to delays caused by states' developing detailed plans for spending the funds wisely..."

Issue 4: ODP Response
The development of statewide assessments and homeland security strategies also played a role in delaying the spending of grant funds. The following language would capture that element:

"In some instances, states and local jurisdiction had delayed spending funds pending results of statewide assessments and the development of homeland security strategies and detailed spending plans, believing that spending the funds wisely was more important than spending them immediately. In addition to delays caused by states' developing strategies and detailed plans for spending the funds wisely...."

Issue 5: OIG Draft Language
Page 4, section entitled "Background"

"DOD began by offering and managing grants to 68 cities for training and personal protection equipment. In 2000, ODP was given responsibility for parts of DOD's preparedness grant program. Over the next three years, the grant program grew slowly and sifted from grants directly to cities to grants to states, which were sub-granted to local jurisdictions."

Issue 5: ODP Response
DOD used equipment loans, not grants, as the vehicle for providing equipment support through the Nunn-Lugar-Domenici (NLD) Domestic Preparedness Program

Issue 6: OIG Draft Language
Page 4, section entitled "Background"

"In 2000, ODP was given responsibility for parts of DOD's preparedness grant program."

Issue 6: ODP Response
DOD's NLD program was transferred to ODP midway through its implementation. Thus, a more accurate statement would be that ODP was given responsibility "to complete DOD's NLD program for cities 69 through 120."

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 7: OIG Draft Language
Page 4, section entitled "Background"

"Over the next three years, the grant program grew slowly and shifted from grants directly to cities to grants to states, which were sub-granted to local jurisdictions."

Issue 7: ODP Response

The State Domestic Preparedness Equipment Program actually began in 1999. Other than NLD, all grants thereafter went through the State Administrative Agency (SAA), an office designated by each governor to apply for and administer ODP grant funds.

Issue 8: OIG Draft Language
Page 4, section entitled "Background"

"Subsequently, the program was expanded from funding just training and equipment to include the cost of administration, planning, and preparedness exercises."

Issue 8: ODP Response

The early iteration of the program did not include training. Therefore, the sentence would be better phrased as:

"Subsequently, the program was expanded from funding just equipment to include the cost of administration, training, planning, and preparedness exercises."

Issue 9: OIG Draft Language
Page 5, section entitled "Background"

"In March 2003, the program was transferred to DHS. During this transfer, the grants became commonly known as the "first responder" grants. First responders include life safety personnel working in law enforcement, emergency medical services, emergency management, fire service, public works, government administration, health care and public health."

Issue 9: ODP Response

The "first responder" grants were known as "preparedness" grants. First responder disciplines include public safety (OIG references life safety), public safety communications, and hazardous materials (HazMat).

Appendix F
Management Comments

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 10: OIG Draft Language

Page 5, section entitled "Background," paragraph beginning with "ODP has continued DOD's "

"ODP has continued DOD's and DOJ's mission to oversee the enhancement of state and local jurisdictions' ability to respond to, and mitigate the consequences of, incidents of terrorism through the delivery of first responder grants."

Issue 10: ODP Response

In FY04, ODP grant funds supported states and local jurisdictions' efforts to enhance terrorism prevention, in addition to their ability to respond to and mitigate the consequences of terrorism incidents.

Issue 11: OIG Draft Language

Page 5, section entitled "Background," paragraph beginning with "While ODP is responsible..."

"ODP managed one first responder grant program in FY 2002, SDPP and two grant programs in FY 2003, SHSGP and SHSGP II."

Issue 11: ODP Response

In FY 2003, ODP managed SHSGP and SHSGP II, in addition to the Urban Areas Security Initiative (UASI), UASI II, UASI Port Security Grant Program, UASI Transit System Security Grant Program, and the UASI RDD Protective Measures Program.

Issue 12: OIG Draft Language

Page 5, section entitled "Background," paragraph beginning with "State and U.S. territory governors "

"State and U.S. territory governors are responsible for applying for the grants and appointing a state administrative agency that manages the grants and acts as the liaison between ODP and the states' local jurisdictions."

Issue 12: ODP Response

Governors are responsible for appointing the SAA, who then applies for and manages the grant.

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 13: OIG Draft Language

Page 5, section entitled "Background," paragraph beginning with "At DHS...."

"However, recently proposed legislation and a DHS realignment plan call for all DHS first responder and emergency preparedness grants to be managed by DHS's Office of State and Local Coordination and Preparedness."

Issue 13: ODP Response

The correct name of the office referenced in this section is DHS's Office of State and Local Government Coordination and Preparedness.

Issue 14: OIG Draft Language

Page 6, section entitled "States and Locals Slow to Spend Funds, Although More Had Been Committed or Obligated," paragraph beginning with "As of February 2004 . . ."

"As of February 2004, the majority of the \$2.4 billion in FY 2002 and FY 2003 first responder grant funds awarded to the 56 states and territories remain unspent and with ODP."

Issue 14: ODP Response

As noted earlier, the grant funds referenced do not remain with ODP. All funds under these programs were awarded by ODP but not drawn down upon by the grantee agency. Funds remain with the Treasury until the grantee performs a drawdown on those funds. ODP suggests that this section be re-written to read as follows:

"As of February 2004, the majority of the \$2.4 billion in FY 2002 and FY 2003 first responder grant funds awarded to the 56 states and territories has not been drawn down."

Issue 15: OIG Draft Language

Page 7, section entitled "Funds Awarded and Drawn Down by the States," paragraph beginning with "We sampled ten states..."

"As of November 4, 2003, 12 months after the funds had been awarded, \$102 million, or 82 percent, had not been disbursed to the states."

Issue 15: ODP Response

A more accurate statement would be that the funds had not been drawn down by the states.

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**ODP Response to OIG Draft Report on
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Issue 16: OIG Draft Language

Page 9, section entitled "ODP Processing Times Have Improved but State and Local Delays Continue"

"On average, for our sample of 10 states, the 2002 grants took 292 days to process, whereas it took 76 days to process FY 2003 grants."

Issue 16: ODP Response

Only states that had completed the required needs assessment and statewide strategy were eligible to apply for additional grant funds under the FY 2002 State Domestic Preparedness Program. Since strategies had not been submitted to ODP at the time Congress made appropriations, no grantees were eligible for the program at that point. The solicitation was posted only after statewide strategies were received, thereby making applicants eligible for grant support through the program.

Issue 17: OIG Draft Language

Page 10, section entitled "ODP Processing Times Have Improved but State and Local Delays Continue," paragraph beginning with "State and local governments were..."

"State and local government were sometimes responsible for delaying the delivery of FY 2002 grant funds to first responders. Grants had to be accepted by the states, awarded to local jurisdictions by the states, and accepted by the local jurisdictions."

Issue 17: ODP Response

An additional important reason for state and local delays in receiving FY 2002 grant funds is that the states first had to submit a State Domestic Preparedness Strategy for approval before they could participate in the FY 2002 program. Once the strategy had been received and approved, the state could then submit a grant application for FY 2002 funds. Consequently, ODP recommends inserting the following language in the draft report:

"State and local government were sometimes responsible for delaying the delivery of FY 2002 grant funds to first responders. First and foremost, states had to submit a State Domestic Preparedness Strategy for approval. They were then allowed to submit a grant application for FY 2002 funds. Grants then had to be accepted by the states, awarded to local jurisdictions by the states, and accepted by the local jurisdictions."

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 18: OIG Draft Language

Page 11, section entitled "ODP Processing Times Have Improved but State and Local Delays Continue," paragraph beginning with "A congressional effort to speed . . ."

"However, this action had a limited effect because most states are meeting the 45-day timeframe by using a loose definition of "obligate." DHS allows states to count funds as obligated when the states have agreed to allocate a specific amount of the grant to a state agency or local jurisdiction, even though the state has not determined specifically how the funds will be spent or when contracts for goods and services will be let. The short deadlines also force states to reduce the amount of time they spend planning. As a result, funds are still not reaching local jurisdictions in 45 days, and meeting the deadline often caused states and local jurisdictions to delay spending prior year grant funds."

Issue 18: ODP Response

The language in this section is not entirely accurate. The intent of the 45-day timeframe was to make funds available to local jurisdictions as quickly as possible. The states have in fact met the 45-day requirement. If local jurisdictions have not yet spent the grant funds, it is likely due to one of two reasons: 1) local jurisdictions have not met the state's sub-award requirements (e.g., providing a budget to the SAA) or 2) in cases where local jurisdictions have been cleared to begin obligating under the sub-award, local jurisdictions have not placed orders or otherwise obligated funds. Neither reason is the fault of either ODP or the SAA, these responsibilities rest with local jurisdictions.

Issue 19: OIG Draft Language

Page 12, section entitled "Federal Requirements and guidelines," No. 2

"States also pointed to confusion caused by changes ODP has made in its eligible equipment lists."

Issue 19: ODP Response

ODP requests clarification on what the OIG report calls "confusion" caused by changes ODP has made in its eligible equipment lists.

Issue 20: OIG Draft Language

Page 13, section entitled "Federal Requirements and Guidelines," No. 3

"States also complained that equipment budget worksheets had to be revised several times before being approved by ODP, and that reporting requirements were continually expanding."

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Management Comments

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 10: ODP Response

Equipment budget worksheets had to be revised several times before being approved by ODP because grantees asked to purchase equipment that was not on the allowable equipment purchase list. ODP modifies the equipment lists each year based on recommendations from state and local emergency responders so as to better meet their equipment needs and to provide full customer service.

Issue 11: OIG Draft Language

Page 15, section entitled "State and Local Planning Process," No. 5

"Inadequate staffing is a problem in many states and jurisdictions. The recent economic downturn and budget shortages have made it difficult for states to fund administrative positions. FY 2003 grants added more funding for administering the grants.

Issue 11: ODP Response

ODP's homeland security grant programs allow for the hiring of both full- and part-time personnel and contractors to implement the programs. This option could be more widely used by states to address the issue of inadequate staffing.

Issue 12: OIG Draft Language

Page 16, section entitled "Monitoring and Measuring Performance"

"ODP has not implemented a formal grant monitoring system. Nor has ODP staff conducted frequent field visits to grant recipients. None was conducted in FY 2002 and only a few in FY 2003."

Issue 12: ODP Response

State and urban area homeland security strategies and grants must be monitored in order to track support provided by ODP for strategy implementation, to gauge progress toward strategic goals and objectives, and to determine whether planning, operational, equipment, training, exercise, and administrative grant funds are being obligated and expended in accordance with Office of Justice Programs (OJP) Office of the Comptroller (OC) guidelines, ODP grant guidelines, and grant award special conditions. Monitoring provides a comprehensive picture of how chemical, biological, radiological, nuclear, and explosive (CBRNE) terrorism prevention, response, and recovery capabilities are increasing nationwide and allows ODP to ensure it is providing resources and support in an efficient and effective manner.

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

ODP faced significant staffing shortfalls during the period highlighted in the report due to hiring freezes, which prevented ODP from fully implementing an aggressive monitoring program. To date, ODP has performed 12 monitoring visits to selected states and territories in FY 2004.

The ODP Monitoring Handbook has been provided as an addendum to this response memorandum to showcase the current ODP monitoring practices.

Issue 23: OIG Draft Language

Page 16, section entitled "Monitoring and Measuring Performance"

"ODP needs to ensure that financial monitoring of its first responder grant programs is conducted more frequently to ensure that the states are effectively using grant funds."

Issue 23: ODP Response

ODP was part of OJP before being transferred to DHS on March 1, 2003. Within OJP, OC was responsible for the financial monitoring component of all ODP grants and cooperative agreements. Since ODP's transition to DHS, OC has continued financial monitoring of ODP grants. Until ODP is provided with the means to develop an internal Office of the Comptroller to monitor the financial elements of the grant programs, ODP will continue to be served by OJP's OC.

Issue 24: OIG Draft Language

Page 17, section entitled "Monitoring and Measuring Performance"

"This issue [of establishing performance measures] is quickly increasing in importance and will need ODP's attention in the near future."

Issue 24: ODP Response

Homeland Security Presidential Directive (HSPD)-8 might ultimately assist in efforts to establish performance measures. However, in the near term, ODP's new reporting process for FY 2004 grants allows for outcome-based reporting, which can be used to show improvements resulting from grants. In addition, office-based and on-site monitoring allows ODP to evaluate performance and focus on outcomes achieved through its grant programs.

Issue 25: OIG Draft Language

Page 17, section entitled "Consolidation of Preparedness Grants"

"In response, DHS is moving selected grant programs currently in the Emergency Preparedness & Response directorate and the Border and Transportation Security directorate into the Office for State and Local Government Coordination and

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**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Preparedness Grants proposed for moving to the new office include Homeland Security Grants, Assistance to Firefighters Grants, Emergency Management Performance Grants, Port Security Grants, the Intercity Bus Security Program, and Citizen Corps."

Issue 25: ODP Response

The list of programs moving to ODP is not complete. The following programs are also slated for transition to ODP:

- Metropolitan Medical Response System
- First Responder Counter Terrorism Training Assistance
- State and Local All Hazards Emergency Operations Planning
- Interoperable Communications Equipment
- Community Emergency Response Teams
- Operation Safe Commerce
- Trucking Industry Security Grant Program

Issue 26: OIG Draft Language

Page 18, section entitled "Conclusion and Recommendations"

"The OIG recommends that the Director, Office of Domestic Preparedness:..."

Issue 26: ODP Response

ODP stands for the Office for Domestic Preparedness.

Issue 27: OIG Draft Language

Page 18, section entitled "Conclusion and Recommendations," No. 1

"Require more meaningful reporting by states so ODP can track progress more accurately and assist states when necessary."

Issue 27: ODP Response

ODP's new reporting template for FY 2004 grant programs provides for more outcome-based reporting. The new reporting mechanism allows the office to track progress against the goals and objectives included in the State Homeland Security Strategies.

Issue 28: OIG Draft Language

Page 18, section entitled "Conclusion and Recommendations," No. 1

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

"Specifically, ensure that the definition of obligation is consistent for both programmatic and financial reporting purposes."

Issue 28: ODP Response

This recommendation cannot easily be accomplished. For example, a subgrant is an obligation by the SAA that meets statutory requirements. However, that information is not reported on the Office of Management and Budget (OMB) Standard Form 269, the financial status report form used by all grantees of Federal agencies to report the status of funds.

In addition, ODP and the U.S. Department of Homeland Security (DHS) Office of the General Counsel (OGC) have approved the following definition of a legal obligation for consideration in the implementation of ODP grant programs:

An obligation means: 1) a definite commitment which creates a legal liability for the payment of funds for goods and services ordered or received, or 2) a commitment during the grant period to pay under a grant, subgrant, and/or contract determinable sums for services or goods ordered or received during the grant period; or 3) evidence that funds are encumbered, such as a purchase order or requisition, to cover the cost of purchasing an authorized item during the grant period.

NOTE: The above definition, in particular part 2, does not include operational costs associated with raising the threat level in the State Homeland Security Grant Program - Part II. ODP staff and grantees should refer to ODP program guidelines for specific details on those costs.

Issue 29: OIG Draft Language

Page 18, section entitled "Conclusion and Recommendations," No. 4

"Seek a legislative change to revise or eliminate the 45-day transfer rule to allow more time for planning."

Issue 29: ODP Response

The Fiscal Year (FY) 2004 U.S. Department of Homeland Security Appropriations identified that states were provided 60 days, as opposed to 45, in which to make funds available to local governments. This modification was incorporated by ODP in the FY 2004 grant guidance.

Issue 30: OIG Draft Language

Page 18, section entitled "Conclusion and Recommendations," No. 4

"Accelerate the development of federal guidelines for first responder capabilities, equipment, training, and exercises."

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Management Comments

**ODP Response to OIG Draft Report on
Distributing and Spending "First Responder" Grant Funds**

Issue 30: ODP Response

Although not a regulatory agency, ODP has produced numerous guidelines and protocols to assist emergency responder communities at the state and local levels. Most notably, ODP has produced the Emergency Responder Guidelines and the Homeland Security Exercise and Evaluation Program (HSEEP). ODP developed the Emergency Responder Guidelines to help provide America's response community with a baseline understanding of the training necessary to effectively and safely respond to an act of terrorism involving the use of CBRNE. ODP understands that the most effective way of evaluating preparedness prior to an actual incident is, by conducting and evaluating threat-based exercises. Based on this understanding, ODP has defined a methodology and developed guidance for the evaluation of performance-based exercises which are described in HSEEP.

Issue 31: OIG Draft Language

Page 18, section entitled "Conclusion and Recommendations," No. 5

"Publish program monitoring guidance and ensure that states report their progress in achieving program and performance goals and objectives."

Issue 31: ODP Response

ODP has formal monitoring protocols that call for Preparedness Officers to review progress that states are making toward their State Homeland Security Strategies.

Issue 32: OIG Draft Language

Page 19, section entitled "Conclusion and Recommendations," No. 7

"Allow states to use the most recent ODP-approved equipment list when purchasing equipment with prior year grant funds."

Issue 32: ODP Response

Allowing grantees to use current or future equipment lists that may differ from those provided by ODP in previous fiscal years will ultimately have a negative impact upon accounting practices, vendor selection, equipment maintenance, and training and calibration programs managed by ODP grantees. A grantee's spending plan and budget from previous fiscal years were based upon that particular fiscal year's instructions and guidance. Asking the grantee to then alter that spending plan would produce confusion for both the grantees' accounting system, as well for many of the ODP reporting and monitoring systems in place. If this recommendation were implemented, it would reward grantees for not planning well and not expending funds in a timely manner.

The OIG evaluated the Office for Domestic Preparedness' written comments and has made changes to the report where appropriate. A summary of the written comments and our analysis regarding the recommendations made in the report are as follow:

Recommendations

- 1. Require more meaningful reporting by states so ODP can track progress more accurately and assist states when necessary. Specifically, ensure that the definition of *obligation* is consistent for both programmatic and financial reporting purposes and require states using a "cash basis" accounting system to report the value of binding agreements to be funded by first responder grant funds.**

ODP agrees with the intent of this recommendation, but responded that implementing parts of our recommendation, such as a consistent definition of obligation, would be difficult. For its FY 2004 grant programs, ODP has instituted a new reporting template. This template, according to ODP, allows better tracking of grantee progress in achieving the goals and objectives detailed in their State Homeland Security Strategies.

The OIG's purpose in making this recommendation is to have ODP collect information that will allow it to measure the use of grant funds more effectively. We will review ODP's new reporting template to determine whether it accomplishes that purpose.

- 2. Seek a legislative change to revise or eliminate the 45-day transfer rule to allow more time for planning.**

ODP responded that in FY 2004 the states were given 60 days, as opposed to 45, in which to make funds available to local governments.

The OIG agrees that this is an improvement. ODP, though, should evaluate the effectiveness of the time limit to determine whether or not it results in a more rapid use of grant funds.

- 3. Identify and publish best practices that result in faster and more efficient grant processing and spending. For example, identify state procurement practices that result in first responder equipment being supplied in a timely and cost effective manner.**

ODP did not comment on this recommendation.

4. Accelerate the development of federal guidelines for first responder capabilities, equipment, training, and exercises.

ODP responded that it has produced numerous guidelines and protocols for the emergency responder community and defined a methodology for evaluating performance-based exercises.

The OIG agrees that such activities are important. However, states and jurisdictions were looking to DHS for performance standards, as well as equipping and training standards, that they can apply to their first responder organizations to help them determine where their shortfalls are and identify their highest priority needs. The OIG is not sure that what ODP has accomplished thus far meets those expectations.

5. Publish program monitoring guidance and ensure that states report their progress in achieving program and performance goals and objectives.

ODP responded that it has formal monitoring protocols that call for Preparedness Officers to review progress that states are making toward their State Homeland Security Strategies.

The OIG will review ODP's published monitoring guidance.

6. Monitor state oversight of local jurisdictions' compliance with grant requirements, and develop performance standards that can be used to measure the overall success of the grant programs, including baselines against which to measure progress.

ODP did not comment on this recommendation.

7. Allow states to use the most recent ODP-approved equipment list when purchasing equipment with prior-year grant funds.

ODP responded that this recommendation would have a negative impact on accounting practices, vendor selection, equipment maintenance, and training and calibration programs managed by ODP grantees.

The OIG based this recommendation on the simple logic that current equipment lists have added items of equipment that have been determined to be appropriate for first responders, and that states and jurisdictions should be able to purchase those items with funds from prior years. The OIG changes this recommendation to state that ODP should consider allowing the use of the most recent equipment lists, and we will discuss this recommendation further with ODP.

Kim Hurley, Audit Manager
Gina Smith, Audit Manager
Deirdre Hines, Program Analyst
Nicki Miller, Auditor
Cynthia Noel, Auditor
Leslie Anne Sibick, Program Analyst
John Woo, Auditor

Appendix I
Report Distribution

Department of Homeland Security

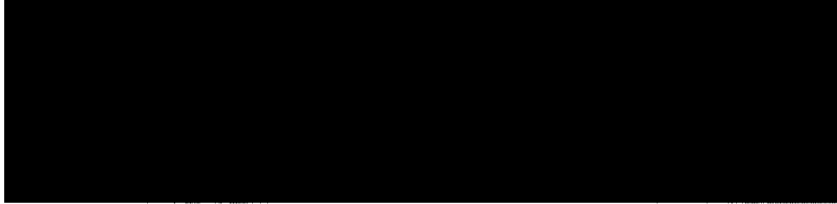
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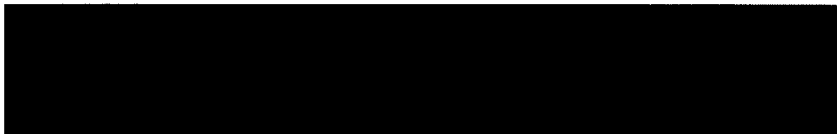


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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 17, 2003

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HOMELAND SECURITY PRESIDENTIAL DIRECTIVE/HSPD-8

Subject: National Preparedness

Purpose

(1) This directive establishes policies to strengthen the preparedness of the United States to prevent and respond to threatened or actual domestic terrorist attacks, major disasters, and other emergencies by requiring a national domestic all-hazards preparedness goal, establishing mechanisms for improved delivery of Federal preparedness assistance to State and local governments, and outlining actions to strengthen preparedness capabilities of Federal, State, and local entities.

Definitions

(2) For the purposes of this directive:

- (a) The term "all-hazards preparedness" refers to preparedness for domestic terrorist attacks, major disasters, and other emergencies.
- (b) The term "Federal departments and agencies" means those executive departments enumerated in 5 U.S.C. 101, and the Department of Homeland Security; independent establishments as defined by 5 U.S.C. 104(1); Government corporations as defined by 5 U.S.C. 103(1); and the United States Postal Service.
- (c) The term "Federal preparedness assistance" means Federal department and agency grants, cooperative agreements, loans, loan guarantees, training, and/or technical assistance provided to State and local governments and the private sector to prevent, prepare for, respond to, and recover from terrorist attacks, major disasters, and other emergencies. Unless noted otherwise, the term "assistance" will refer to Federal assistance programs.
- (d) The term "first responder" refers to those individuals who in the early stages of an incident are responsible for the protection and preservation of life, property, evidence, and the environment, including emergency response providers as defined in section 2 of the Homeland Security Act of 2002 (6 U.S.C. 101), as well as emergency management, public health, clinical care, public works, and other skilled support personnel (such as equipment operators) that provide immediate support services during prevention, response, and recovery operations.
- (e) The terms "major disaster" and "emergency" have the meanings given in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122).

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- (f) The term "major events" refers to domestic terrorist attacks, major disasters, and other emergencies.
- (g) The term "national homeland security preparedness-related exercises" refers to homeland security-related exercises that train and test national decision makers and utilize resources of multiple Federal departments and agencies. Such exercises may involve State and local first responders when appropriate. Such exercises do not include those exercises conducted solely within a single Federal department or agency.
- (h) The term "preparedness" refers to the existence of plans, procedures, policies, training, and equipment necessary at the Federal, State, and local level to maximize the ability to prevent, respond to, and recover from major events. The term "readiness" is used interchangeably with preparedness.
- (i) The term "prevention" refers to activities undertaken by the first responder community during the early stages of an incident to reduce the likelihood or consequences of threatened or actual terrorist attacks. More general and broader efforts to deter, disrupt, or thwart terrorism are not addressed in this directive.
- (j) The term "Secretary" means the Secretary of Homeland Security.
- (k) The terms "State," and "local government," when used in a geographical sense, have the same meanings given to those terms in section 2 of the Homeland Security Act of 2002 (6 U.S.C. 101).

Relationship to HSPD-5

(3) This directive is a companion to HSPD-5, which identifies steps for improved coordination in response to incidents. This directive describes the way Federal departments and agencies will prepare for such a response, including prevention activities during the early stages of a terrorism incident.

Development of a National Preparedness Goal

(4) The Secretary is the principal Federal official for coordinating the implementation of all-hazards preparedness in the United States. In cooperation with other Federal departments and agencies, the Secretary coordinates the preparedness of Federal response assets, and the support for, and assessment of, the preparedness of State and local first responders.

(5) To help ensure the preparedness of the Nation to prevent, respond to, and recover from threatened and actual domestic terrorist attacks, major disasters, and other emergencies, the Secretary, in coordination with the heads of other appropriate Federal departments and agencies and in consultation with State and local governments, shall develop a national domestic all-hazards preparedness goal. Federal departments and agencies will work to achieve this goal by:

- (a) providing for effective, efficient, and timely delivery of Federal preparedness assistance to State and local governments; and
- (b) supporting efforts to ensure first responders are prepared to respond to major events, especially prevention of and response to threatened terrorist attacks.

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(6) The national preparedness goal will establish measurable readiness priorities and targets that appropriately balance the potential threat and magnitude of terrorist attacks, major disasters, and other emergencies with the resources required to prevent, respond to, and recover from them. It will also include readiness metrics and elements that support the national preparedness goal including standards for preparedness assessments and strategies, and a system for assessing the Nation's overall preparedness to respond to major events, especially those involving acts of terrorism.

(7) The Secretary will submit the national preparedness goal to me through the Homeland Security Council (HSC) for review and approval prior to, or concurrently with, the Department of Homeland Security's Fiscal Year 2006 budget submission to the Office of Management and Budget.

Federal Preparedness Assistance

(8) The Secretary, in coordination with the Attorney General, the Secretary of Health and Human Services (HHS), and the heads of other Federal departments and agencies that provide assistance for first responder preparedness, will establish a single point of access to Federal preparedness assistance program information within 60 days of the issuance of this directive. The Secretary will submit to me through the HSC recommendations of specific Federal department and agency programs to be part of the coordinated approach. All Federal departments and agencies will cooperate with this effort. Agencies will continue to issue financial assistance awards consistent with applicable laws and regulations and will ensure that program announcements, solicitations, application instructions, and other guidance documents are consistent with other Federal preparedness programs to the extent possible. Full implementation of a closely coordinated interagency grant process will be completed by September 30, 2005.

(9) To the extent permitted by law, the primary mechanism for delivery of Federal preparedness assistance will be awards to the States. Awards will be delivered in a form that allows the recipients to apply the assistance to the highest priority preparedness requirements at the appropriate level of government. To the extent permitted by law, Federal preparedness assistance will be predicated on adoption of Statewide comprehensive all-hazards preparedness strategies. The strategies should be consistent with the national preparedness goal, should assess the most effective ways to enhance preparedness, should address areas facing higher risk, especially to terrorism, and should also address local government concerns and Citizen Corps efforts. The Secretary, in coordination with the heads of other appropriate Federal departments and agencies, will review and approve strategies submitted by the States. To the extent permitted by law, adoption of approved Statewide strategies will be a requirement for receiving Federal preparedness assistance at all levels of government by September 30, 2005.

(10) In making allocations of Federal preparedness assistance to the States, the Secretary, the Attorney General, the Secretary of HHS, the Secretary of Transportation, the Secretary of Energy, the Secretary of Veterans Affairs, the Administrator of the Environmental Protection Agency, and the heads of other Federal departments and agencies that provide assistance for first responder preparedness will base those allocations on assessments of population concentrations, critical infrastructures, and other significant risk factors, particularly terrorism threats, to the extent permitted by law.

(11) Federal preparedness assistance will support State and local entities' efforts including planning, training, exercises, interoperability, and equipment acquisition for major events as well as capacity building for prevention activities such as information gathering, detection, deterrence, and collaboration related to terrorist attacks. Such assistance is not primarily intended to support existing capacity to address normal local first responder operations, but to build capacity to address major events, especially terrorism.

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(12) The Attorney General, the Secretary of HHS, the Secretary of Transportation, the Secretary of Energy, the Secretary of Veterans Affairs, the Administrator of the Environmental Protection Agency, and the heads of other Federal departments and agencies that provide assistance for first responder preparedness shall coordinate with the Secretary to ensure that such assistance supports and is consistent with the national preparedness goal.

(13) Federal departments and agencies will develop appropriate mechanisms to ensure rapid obligation and disbursement of funds from their programs to the States, from States to the local community level, and from local entities to the end users to derive maximum benefit from the assistance provided. Federal departments and agencies will report annually to the Secretary on the obligation, expenditure status, and the use of funds associated with Federal preparedness assistance programs.

Equipment

(14) The Secretary, in coordination with State and local officials, first responder organizations, the private sector and other Federal civilian departments and agencies, shall establish and implement streamlined procedures for the ongoing development and adoption of appropriate first responder equipment standards that support nationwide interoperability and other capabilities consistent with the national preparedness goal, including the safety and health of first responders.

(15) To the extent permitted by law, equipment purchased through Federal preparedness assistance for first responders shall conform to equipment standards in place at time of purchase. Other Federal departments and agencies that support the purchase of first responder equipment will coordinate their programs with the Department of Homeland Security and conform to the same standards.

(16) The Secretary, in coordination with other appropriate Federal departments and agencies and in consultation with State and local governments, will develop plans to identify and address national first responder equipment research and development needs based upon assessments of current and future threats. Other Federal departments and agencies that support preparedness research and development activities shall coordinate their efforts with the Department of Homeland Security and ensure they support the national preparedness goal.

Training and Exercises

(17) The Secretary, in coordination with the Secretary of HHS, the Attorney General, and other appropriate Federal departments and agencies and in consultation with State and local governments, shall establish and maintain a comprehensive training program to meet the national preparedness goal. The program will identify standards and maximize the effectiveness of existing Federal programs and financial assistance and include training for the Nation's first responders, officials, and others with major event preparedness, prevention, response, and recovery roles. Federal departments and agencies shall include private organizations in the accreditation and delivery of preparedness training as appropriate and to the extent permitted by law.

(18) The Secretary, in coordination with other appropriate Federal departments and agencies, shall establish a national program and a multi-year planning system to conduct homeland security preparedness-related exercises that reinforces identified training standards, provides for evaluation of readiness, and supports the national preparedness goal. The establishment and maintenance of the program will be conducted in maximum collaboration with State and local governments and appropriate private sector entities. All Federal departments and agencies that conduct national homeland security preparedness-related exercises shall participate in a collaborative, interagency process to designate such exercises on a consensus basis and create a master exercise calendar. The Secretary will ensure that exercises included in the calendar support the national preparedness goal. At the time of designation, Federal departments and

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agencies will identify their level of participation in national homeland security preparedness-related exercises. The Secretary will develop a multi-year national homeland security preparedness-related exercise plan and submit the plan to me through the HSC for review and approval.

(19) The Secretary shall develop and maintain a system to collect, analyze, and disseminate lessons learned, best practices, and information from exercises, training events, research, and other sources, including actual incidents, and establish procedures to improve national preparedness to prevent, respond to, and recover from major events. The Secretary, in coordination with other Federal departments and agencies and State and local governments, will identify relevant classes of homeland-security related information and appropriate means of transmission for the information to be included in the system. Federal departments and agencies are directed, and State and local governments are requested, to provide this information to the Secretary to the extent permitted by law.

Federal Department and Agency Preparedness

(20) The head of each Federal department or agency shall undertake actions to support the national preparedness goal, including adoption of quantifiable performance measurements in the areas of training, planning, equipment, and exercises for Federal incident management and asset preparedness, to the extent permitted by law. Specialized Federal assets such as teams, stockpiles, and caches shall be maintained at levels consistent with the national preparedness goal and be available for response activities as set forth in the National Response Plan, other appropriate operational documents, and applicable authorities or guidance. Relevant Federal regulatory requirements should be consistent with the national preparedness goal. Nothing in this directive shall limit the authority of the Secretary of Defense with regard to the command and control, training, planning, equipment, exercises, or employment of Department of Defense forces, or the allocation of Department of Defense resources.

(21) The Secretary, in coordination with other appropriate Federal civilian departments and agencies, shall develop and maintain a Federal response capability inventory that includes the performance parameters of the capability, the timeframe within which the capability can be brought to bear on an incident, and the readiness of such capability to respond to domestic incidents. The Department of Defense will provide to the Secretary information describing the organizations and functions within the Department of Defense that may be utilized to provide support to civil authorities during a domestic crisis.

Citizen Participation

(22) The Secretary shall work with other appropriate Federal departments and agencies as well as State and local governments and the private sector to encourage active citizen participation and involvement in preparedness efforts. The Secretary shall periodically review and identify the best community practices for integrating private citizen capabilities into local preparedness efforts.

Public Communication

(23) The Secretary, in consultation with other Federal departments and agencies, State and local governments, and non-governmental organizations, shall develop a comprehensive plan to provide accurate and timely preparedness information to public citizens, first responders, units of government, the private sector, and other interested parties and mechanisms for coordination at all levels of government.

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Assessment and Evaluation

(24) The Secretary shall provide to me through the Assistant to the President for Homeland Security an annual status report of the Nation's level of preparedness, including State capabilities, the readiness of Federal civil response assets, the utilization of mutual aid, and an assessment of how the Federal first responder preparedness assistance programs support the national preparedness goal. The first report will be provided within 1 year of establishment of the national preparedness goal.

(25) Nothing in this directive alters, or impedes the ability to carry out, the authorities of the Federal departments and agencies to perform their responsibilities under law and consistent with applicable legal authorities and presidential guidance.

(26) Actions pertaining to the funding and administration of financial assistance and all other activities, efforts, and policies in this directive shall be executed in accordance with law. To the extent permitted by law, these policies will be established and carried out in consultation with State and local governments.

(27) This directive is intended only to improve the internal management of the executive branch of the Federal Government, and it is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity, against the United States, its departments, agencies, or other entities, its officers or employees, or any other person.

GEORGE W. BUSH

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