STATEMENT

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BEFORE THE

HOUSE COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON EMERGENCY PREPAREDNESS, RESPONSE AND COMMUNICATIONS
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"ENSURING THE TRANSPARENCY, EFFICIENCY AND EFFECTIVENESS OF HOMELAND SECURITY GRANTS"

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Submitted By

Federal Emergency Management Agency 500 C Street, S.W. Washington, D.C. 20472 Good morning Chairman Bilirakis, Ranking Member Richardson, and Members of the Subcommittee. I am Elizabeth Harman, Assistant Administrator for FEMA's Grant Programs Directorate (GPD) and this is Corey Gruber, Assistant Administrator for FEMA's National Preparedness Directorate (NPD). On behalf of Secretary Napolitano and Administrator Fugate, it is our pleasure to appear before you today to discuss the present and future of the Department of Homeland Security (DHS) Homeland Security Grant Programs (HSGP).

As this committee is aware, FEMA's grant programs, collectively known as the Homeland Security Grant Programs, have contributed significantly to the overall security and preparedness of the Nation. By providing funds to support State and local collaboration and the development of State Homeland Security Strategies, the Homeland Security Grant Programs have enhanced security and preparedness in States, Territories, Tribal Nations, regions, cities, on our borders, and in our ports and transit systems. As a Nation, we are more secure and better prepared to prevent, protect, and mitigate the impact of threats and natural disasters than we have been at any time in our history.

From the unprecedented attacks of September 11th to the tornados and storms of the last several weeks, as a Nation, we are much more aware of the threats and vulnerabilities we face, as well as the capabilities we have built to address these hazards. With that awareness, we have raised preparedness and response to new levels of importance. As a result, we plan better, train better, work together better, and respond and recover better. With each passing year, our planning, preparations, and capabilities have matured.

Much of this progress has come directly from the leadership and capabilities developed at the national, State, and local level. Over the past 10 years, the homeland security grants have provided State, territorial, local, and tribal governments with more than \$35 billion in Federal funds to enhance capabilities to plan, prepare for, prevent, respond to, and recover from natural disasters and other terrorist threats. With these funds, grantees have built and enhanced capabilities by acquiring needed equipment, training personnel, planning, exercising, and building relationships across city, county, and State lines.

The Nation has made significant progress and has achieved a high degree of maturity in several of the core capabilities identified in the National Preparedness Goal, particularly those that are cross-cutting and support disaster response. Areas of success include planning, operational coordination and communication, intelligence and information sharing, environmental response, health and safety, mass search and rescue, and public health and medical services. Significant investments in public health and medical services, operational communications, and planning capabilities have made substantial contributions to progress achieved nationally.

Specific examples of success include the development and maturation of State and local fusion centers. Fusion centers function as focal points – information hubs – within State and local jurisdictions to provide for the gathering, receipt, analysis, and sharing of critical information and intelligence among Federal, State, and local agencies. Fusion centers have long been supported under several of the Homeland Security Grant Programs, specifically the State Homeland Security Program (SHSP) and the Urban Areas Security Initiative (UASI) Grant Program, and remain a priority in the Fiscal Year 2012 grants. As of February 2012, there are 77

designated State and major urban area fusion centers across the country, greatly enhancing the Nation's ability to share critical information among all levels of government.

Additional success areas include improved planning capabilities as well as improved operational coordination among response agencies. For example, the Nation has significantly improved the feasibility and completeness of plans for catastrophic events, due in part to significant State and local investments in planning activities through FEMA grant programs. The 2010 Nationwide Plan Review showed that by 2010, more than 75 percent of States and more than 80 percent of urban areas were confident that their overall basic emergency operations plans were well suited to meet the challenges of a large-scale catastrophic event. Additionally, both States and urban areas show high degrees of confidence in functional and hazard-specific planning, with even higher degrees of confidence for hazards with which they have had experience, such as flooding or tornadoes. FEMA has included planning as an allowable grant cost since 2003 and has emphasized planning as a priority for preparedness funding since 2006.

FEMA preparedness grant programs have also built operational coordination capabilities, specifically helping to solidify the National Incident Management System (NIMS) as the common incident management doctrine for the whole community. Prior to the introduction of NIMS in 2004, no single, official incident command system existed for the Nation. Now, nearly 10 million homeland security stakeholders from across the Nation have successfully completed the FEMA-sponsored independent study courses on the Incident Command System.

Another achievement in Federal preparedness assistance is the Nation's highly mature search and rescue capability. From Fiscal Year 2006 through Fiscal Year 2010, recipients of State and local homeland security grant funds allocated approximately \$158 million in preparedness assistance to build and maintain US&R capabilities. Today, the Nation has 300 state and/or local urban search and rescue (US&R) teams, and 97 percent of the Nation's population is within a four-hour drive of a US&R team. This national expansion of State and /or local US&R capabilities is a direct result of Federal funding and training. A tangible result of this enhanced capability is evidenced by the aftermath of the April 2011 outbreak of deadly tornadoes in the United States, when Alabama mobilized State and local US&R teams to support search and rescue operations in Marion, Jefferson, Franklin, and Tuscaloosa counties rather than request Federal US&R support. This enhanced local and regional capacity resulted in a more prompt and immediate response than would otherwise have been possible.

Finally, over the years since its creation, GPD has matured as an organization. Specifically, over the past two years, GPD has made significant strides and improvements in its operations and in the development, management, and oversight of the Homeland Security Grant Programs. These improvements include: filling staff vacancies; streamlining internal reviews; standardizing and formalizing internal operating procedures and GPD's relationships with its external partners—specifically those Federal agencies that assist GPD in the development of the various homeland security grant programs; and enhancing stakeholder involvement with program development and administration.

Staffing:

In Fiscal Year 2010, 20 percent of GPD Headquarters' 180 authorized positions (37 FTEs) were vacant. This vacancy rate affected both GPD components, the Preparedness Grant Division and the Grants Operations Division, impacting program administration, including the ability to work directly with grantees, respond to grantee requests, and monitor grantee performance. For Grant Operations, the vacancy rate impacted financial oversight and monitoring, including the rates at which grantees spent grant funds.

Adequate staffing is critical to GPD's success. In addition to the administration of a current fiscal year's grant programs and the development of the next year's grant program, GPD also manages 21,000 open grants from prior fiscal year grant cycles. Therefore, with the full support of FEMA's senior leadership, GPD filled 37 full-time permanent (FTP) positions between August and November 2010. Currently, GPD's overall vacancy rate is 10 percent and GPD has filled 168 of its 189¹ authorized positions. GPD's staffing improvements include filling several senior leadership positions such as its Deputy Assistant Administrator, Director for Grant Operations, and Director for the Preparedness Grant Division.

Streamlining Internal Processes:

Due to staffing and other challenges, GPD previously faced significant delays in processing grant awards and releasing grant funds to grantees. These delays, in turn, slowed grantees' ability to access funds and proceed with approved projects. GPD identified delays in two principal areas. The first was the delays associated with GPD review and approval of grantees' budgets. The second involved the project reviews and approvals required under Federal environmental and historic preservations laws, such as the National Environmental Preservation Act (NEPA).

In response, GPD undertook several internal reforms which resulted in major improvements and shortened both environmental and historic preservation reviews. The most significant of these included:

• Adding Environmental and Historic Preservation (EHP) staff to review EHP applications; creating a new EHP screening form to better facilitate the application process; developing Programmatic Environmental Assessments to streamline the review of certain projects; and implementing a formalized process to follow-up with grantees who need to submit additional information in order to process their application.

GPD also took major steps to shorten budget reviews. These included:

- Creating the Budget Review Renovation Working Group in the GPD to improve the budget review process.
- Implementing a guidance checklist for grantees with guidance on what information is needed for a complete and thorough budget to improve consistency as well as decrease overall review time. By providing these instructions, grantees were better informed about

¹ Between FY2010 and FY2012, the number of authorized positions increased from 180 to 189.

what materials were needed and able to ensure that their budget information was complete, resulting in faster approval of their budgets.

Today, GPD's budget review period is less than 30 days. Since 2011, GPD headquarters' staff reduced its EHP review time to an average of 18 days—a 66 percent improvement over 2010. Additionally, from 2010 through 2011, GPD averaged 3,000 EHP reviews per year, eighty percent of which were completed in less than the 18 day average.

Standardizing Internal Operating Procedures:

Prior to 2011, GPD lacked standardized operating procedures (SOPs). To address this, FEMA embarked on an effort to develop standard operating procedures for all of its grant programs. These SOPs are now in force and are being utilized on a daily basis by both headquarters and regional grants staff.

Formalizing Relationships With Federal Agency Partners:

GPD has the ultimate programmatic, administrative and fiduciary responsibility for the management and oversight of the Homeland Security Grant Programs. Working in partnership with a number of Federal agencies, GPD draws on those agencies' expertise and resources in the development and administration of individual homeland security grant programs. For example, GPD has partnered with the U.S. Coast Guard in the development and administration of the Port Security Grant Program (PSGP). Similarly, it has partnered with the Transportation Security Administration in the development and administration of the Transit Security Grant Program (TSGP) and with Customs and Border Protection in the development and administration of the Operation Stonegarden Grant Program.

Formalizing GPD's relationships with its partner agencies became critical to the ongoing stability and successful operation of the grant programs. Currently GPD has eight (8) MOUs in place. Within the Department of Homeland Security, GPD has MOUs with the Office of Policy, the National Protection and Programs Directorate's Office of Infrastructure Protection, the Transportation Security Administration, the Office of Health Affairs, and FEMA's Office of Environmental Planning and Historic Preservation. GPD also has MOUs in place with the Department of Health and Human Services, the Department of Transportation, and the Department of Commerce's National Telecommunication and Information Administration.

Engaging Stakeholders:

GPD's key partners in the development and administration of the Homeland Security Grant Programs are the grantees, and more broadly the stakeholder community, including the Nation's governors, mayors, tribal leaders, emergency managers, port and transit administrators, the law enforcement, fire service, and emergency medical services communities, and others integral to the Nation's overall preparedness and ability to respond to threats and hazards.

Recognizing that its success is linked to the success of its grantees, GPD has prioritized efforts to reach out to the stakeholder community, listen to their concerns and be responsive to their needs.

GPD has actively sought opportunities to address and engage stakeholders including, but not limited to: the National Emergency Management Association (NEMA), the International Association of Emergency Managers (IAEM), the United States Conference of Mayors, the National Association of Counties, the Urban Areas Security Initiative (UASI) Conference, and the Emergency Communications Planning Consortium (ECPC). GPD leadership regularly works with State and local leaders including governors, mayors, State and local legislatures, representatives of transit and port systems as well as others from the emergency response community. In addition, GPD is making use of emerging technologies and is currently soliciting feedback from the public and stakeholders regarding the development of the proposed Fiscal Year 2013 National Preparedness Grant Program through the new FEMA collaboration site (http://fema.ideascale.com/). Finally, GPD program staff interacts directly with grantees on a regular basis and provides a conduit from the field to GPD leadership.

Expediting Grant Drawdowns:

A major challenge facing GPD, and one that has received ongoing attention from the Congress, is the rate at which homeland security grant funds are spent. This issue, more commonly known as the "drawdown issue," refers to the rate at which GPD's grantees, the recipients of homeland security funds, spend the monies they receive.

As of January 2012, more than \$8 billion of the \$35 billion awarded under the Homeland Security Grant Programs, remained available for expenditure. It is important to understand that these funds are not idle. Work is being done, projects are underway, and capabilities are being built in accordance with the rules and guidelines under which these grants were awarded. That said, the fact remains that for a number of reasons- as outlined below- some grant funds are spent at a slower rate than other grant funds.

The preparedness grant programs award funding with a three-year period of performance. However, the programs are authorized to provide up to a five year performance period. This has allowed grantees to apply for and be awarded funding, follow their own internal processes and state/ local laws as they carry out grant-funded projects, and request and receive an extension that effectively increases the period of performance to the statutory maximum. Grantees must also comply with a body of federal regulations, including rules on the timing and frequency with which grant dollars can be drawn from the Treasury and pre-disbursement requirements such as environmental and historic reviews. State laws and regulations governing the allocation of federal grant dollars to state agencies, including those that impact procurement and hiring activities, may also contribute to delays in spending. Often, agencies cannot enter into contracts until award or sub-awards are in hand. Once funds are in hand, contracting processes may take significant time and are subject to state/local procurement laws or to state and local officials who approve budgets/projects but who may meet infrequently.

In addition to federal, State and local procurement and contracting rules, the nature of the project also can impact the spending of grant dollars. This is the case under both the TSGP and the PSGP where dollars are slated for capital projects that by their nature are involved, complicated, and long term.

Finally, as discussed above, in the past several of GPD's internal business practices, specifically budget reviews and environmental and historic reviews, impacted a grantee's ability to spend funds, which have since been addressed.

Given these challenges and in light of direct input from grantees, the Department evaluated ways to further streamline the grants process, expedite the spending of grant funds, and put remaining funds to work now.

In a February 13, 2012 memorandum sent to all State Administrative Agencies, Secretary Napolitano announced a series of measures that provide grantees with additional flexibility to accelerate the spending of remaining FY 2007 – FY 2012 grant funds by addressing immediate needs and building core capabilities that will support preparedness in the long run, consistent with existing laws, regulations and programmatic objectives. This memorandum described internal measures undertaken by GPD and the Department to expedite the use of grant funds, as discussed above, and outlined measures to provide the grantees increased flexibility in the use of grant funds, and, where appropriate, offered grantees relief from grant program requirements in order to enable grantees to put these dollars to work more quickly. These measures, as described below, will enable grantees to use funding to cover additional personnel costs, maintain previously purchased equipment and apply grant balances to more urgent priorities- all based on key priorities of grantees.

Measures announced by the Secretary:

Support Reprioritization

- Allow grantees to redirect or reprioritize the use of currently obligated grant funds to
 more urgent priorities. This flexibility allows grantees to re-examine how unspent funds
 are currently designated to be spent and shift funds from current projects to others as
 needed. There are multiple benefits to providing this flexibility. Long-term projects,
 especially in view of diminishing grant dollars in future years, could be modified,
 reduced in scale, and funds could shift from expansion to sustainment.
- Expand allowable expenses under the Port and Transit Security Grant Program to fund more operational activities, in accordance the SAFE Port Act and 9/11 Act, respectively.
- Allow combating violent extremism activities as defined by the Administration's CVE Strategy to be eligible in all grant years.

Focus on Core Capabilities

• Expand maintenance and sustainment to equipment, training, and critical resources that have previously been purchased in order to support existing core capabilities tied to the five mission areas of the National Preparedness Goal.

Provide Waivers

- Waive the 50 percent cap on personnel costs
- Waive the match requirements under FY 2008 and 2009 Port Security Grant for public sector grantees and match requirements for Nonprofit Security Grant Program, the Interoperable Emergency Communications Grant Program and Regional Catastrophic Planning Grant Program.

These measures were based on a belief that in a period of diminishing grant dollars, providing grantees the flexibility to reassess projects and funding options would benefit both the grantees and the Federal government by permitting an examination of current preparedness efforts and plans. At the same time, similar to the recent Administration effort to expedite Recovery Act funding, grantees will be required to take steps to expend, draw down and close out previously awarded grant funding.

A New Way Forward:

Historically, the \$35 billion awarded under the Homeland Security Grant Programs has been through specific grant programs authorized under the 9/11 Act. In Fiscal Year 2010, 16 separate homeland security grant programs were funded. Each of these programs supported different recipients with varying requirements.

In FY 2012 under the Consolidated Appropriations Act, (Public Law 112-74), the Secretary of Homeland Security was provided broad discretion to allocate approximately \$995 million among the various homeland security grant programs. The discretion included both which programs to fund, and the levels of funding. Ultimately, eight homeland security grant programs were selected for funding, reduced from 15 in Fiscal Year 2011. Activities supported by programs not selected for funding largely became allowable under funded programs. For example, community resiliency activities allowable under the former Citizen Corps Grant Program are allowable under the SHSP and the UASI Programs.

Efforts to consolidate grants allow many grantees, particularly the States, Territories, and Urban Areas, to focus their homeland security dollars while reducing redundancy and simplifying the grant process. GPD will continue its efforts to make grants more efficient and adaptable to the evolving homeland security landscape through the grants vision in the President's FY 2013 budget.

Investments for National Preparedness:

On March 30, 2011, the President issued Presidential Policy Directive (PPD) 8 "National Preparedness," which provided the direction and the basis for building and sustaining national preparedness. In PPD 8, the President directed "the development of a national preparedness goal that identifies the core capabilities necessary for preparedness and a national preparedness system to guide activities that will enable the nation to achieve the goal. The system will allow the nation to track the progress of our ability to build and improve the capabilities necessary to prevent, protect against, mitigate the effects of, respond to, and recover from those threats that pose the greatest risk to the security of the Nation."

The National Preparedness Goal was released in September 2011. The Goal described the vision of national preparedness contemplated in PPD 8. Based on the National Preparedness Goal and the National Preparedness System designed to achieve that goal, national preparedness transcends an individual State, Tribe, city, port or transit system. National Preparedness is a collective capability – or collection of capabilities – that inter-connect across the Nation.

As recognized in the National Preparedness Goal, a secure and resilient Nation is one with the capabilities required across the whole community – the whole Nation - to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk. With this in mind – and as the next step in the maturation of our approach to building and sustaining preparedness – the President, as part of the Fiscal Year 2013 budget request, proposed the creation of the National Preparedness Grant Program (NPGP). The NPGP marks a shift from the multiple programs approach of the 9/11 Act, and in many ways builds upon the consolidated, more comprehensive approach utilized under the Fiscal Year 2012 homeland security grant cycle. The Fiscal Year 2012 grant cycle begins the transition to the NPGP by linking investments to the National Preparedness Goal.

Overall, the FY 2013 Budget includes \$2.9 billion for State and local grants, \$500 million more than appropriated by Congress in FY 2012. This funding will sustain resources for fire and emergency management grants while consolidating sixteen other grants into the new, streamlined NPGP - designed to develop, sustain, and leverage core capabilities across the country in support of national preparedness, prevention and response.

As discussed throughout this testimony, DHS has been supporting state and local efforts across the homeland security enterprise to build capabilities for the past nine years, awarding more than \$35 billion in funding. Through these federal investments, grantees have developed significant capabilities at the local level to prevent, protect against, prepare for, respond to and recover from disasters of all kinds.

As we look ahead, in order to address evolving threats and make the most of limited resources, the NPGP will focus on building and sustaining core capabilities associated with the five mission areas within the National Preparedness Goal that are both readily deployable and cross-jurisdictional, helping to elevate nationwide preparedness. Using a competitive, risk-based model, the NPGP will use a comprehensive process to assess gaps, identify and prioritize deployable capabilities, limit periods of performance to put funding to work quickly, and require grantees to regularly report progress in the acquisition and development of these capabilities.

As described in the FY 2013 budget, the NPGP will base funding allocations on prioritized core capabilities as well as comprehensive threat/risk assessments and gap analyses. Each state and territory will receive a base level of funding allocated in accordance with a population driven formula. The remainder of the grant allocations will be determined competitively, based on the criticality of the specific capability according to regional threat/ risk assessments and the applicant's ability to complete the project within the two year period of performance. The NPGP will focus on developing and sustaining core capabilities identified in the National Preparedness Goal, enhancing terrorism prevention capabilities, and critical infrastructure/ key resource protection.

The NPGP proposal represents a new vision for grants in FY 2013. It reflects the lessons we've learned in grants management and execution over the past nine years and is focused on developing and sustaining national capabilities given the evolving threats we face. It is not designed as, nor does it represent, detailed grant guidance. Ultimately, a new grants program in FY 2013 will require authorizing legislation. The Administration looks forward to working with

Congress and stakeholders to ensure NPGP enables all levels of government to build and sustain, in a collaborative way, the core capabilities necessary to prepare for incidents that pose the greatest risk to the security of the Nation.

<u>Using the Threat and Hazard Identification and Risk Assessment (THIRA) to Determine</u> Requirements and Fill Gaps

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

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

FEMA has taken critical steps in establishing a preparedness baseline and the accompanying foundation for assessing preparedness, including determining how effective grants are in improving preparedness. FEMA's approach to measuring the effectiveness of national preparedness grants recognizes that these programs are designed to support national priorities while allowing grantees the flexibility to apply funds based on their individual, identified threats and hazards. Thus, in the Fiscal Year 2011 Homeland Security Grant Program guidance, FEMA established the process for using a Threat and Hazard Identification Risk Assessment (THIRA) as the basis for determining a jurisdiction's current level of capability for the risks it faces and identifying goals for improvement, including the resulting gaps.

The THIRA is an all-hazards assessment tool suited for use by all jurisdictions. The THIRA guide provides a basic approach for identifying and assessing risks and associated impacts. It expands on existing local, tribal, territorial, and State hazard identification and risk assessments and other risk methodologies by broadening the factors considered in the process, incorporating the whole community from the beginning to the end of the process, and by accounting for important community-specific factors.

Using the information developed during the THIRA process, communities will develop strategies to allocate resources – including federal grant dollars-- effectively, as well as leverage available assistance to develop capabilities and reduce risk. Building and sustaining capabilities will include a combination of organizational resources, planning, equipment, training, and education. Consideration must be given to finding, connecting to, and strengthening community resources by integrating the expertise and capacity of individuals, communities, private and nonprofit sectors, faith-based organizations, and all levels of government.

The THIRA allows a jurisdiction to understand its threats and hazards and how these impacts may vary according to time of occurrence, seasons, locations, and community factors. This knowledge allows a jurisdiction to establish informed and defensible capability targets and commit appropriate resources to closing the gap between a target and a current capability or for sustaining existing capabilities.

If existing capabilities need to be supplemented to reach a capability target, jurisdictions can build capability or fill gaps by establishing mutual aid agreements with surrounding jurisdictions. As mentioned above, there is a Federal requirement for all States to maintain EMAC membership for grant eligibility. To date, all States are members. EMAC offers assistance during governor-declared states of emergency through a responsive, straightforward system that allows states to send personnel, equipment, and commodities to help disaster relief efforts in other states. It is possible that jurisdictions may require the resources of other levels of government to achieve a target and will need to collaborate closely with those external sources to secure the necessary resources. Cities, counties, States and regions should work collaboratively to build, sustain or deliver capabilities to the identified targets.

Finally, a jurisdiction may choose to build and sustain capabilities through their own resources, the use of available grants, or other funding and technical assistance. The results of the THIRA should be used by grantees to make informed decisions about how to allocate their resources. Using their capability targets as desired outcomes, a jurisdiction is able to create a defensible rationale for how limited resources can best be invested to build and sustain capabilities. Existing reporting mechanisms, such as the State Preparedness Report (SPR), communicate their progress toward achieving capability targets and inform the National Preparedness Report.

FEMA will measure and report annually on the percent of State and Territories that have a THIRA consistent with Department guidance.

Conclusion

In conclusion, we believe that the Homeland Security Grant Programs have benefited the Nation and the Nation's overall security and preparedness. Since the program's beginning, we have strived to improve how these grants have been administered. We believe we have made significant improvements over the past few years and will continue to do so. With the release of the FY 2013 budget and the vision for the National Preparedness Grant Program, we are proposing the next evolution of homeland security grant funding. We are happy to respond to any questions the Subcommittee may have.