

FUNDING & CAPABILITIES: A NEW LOOK AT DHS GRANTS

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As the grant programs funded by the U.S. Department of Homeland Security (DHS) have matured over the last several years, and as federal, state, and local priorities have changed, so have the expenditures made by the recipients of those grants. The initial grants were focused primarily on equipment, but more recent ones have placed a greater emphasis on planning. However, as the life cycle of much of the equipment that was initially purchased comes to an end, state and local jurisdictions are grappling with the need to invest in replacement equipment to maintain the capabilities they have enhanced or developed over the past seven years.

In 2003, the level of grant funding available for homeland-security purposes increased dramatically, rising from approximately \$600 million provided annually to more than \$3.5 billion. Most of this funding was dedicated to capital expenditures, primarily equipment that could be used in response to a WMD (weapons of mass destruction) terrorist attack; this emphasis on equipment and other capital expenditures was also true of the smaller grants made to state and local communities prior to 2003. Initially, the funding was provided through two major grant programs: the State Homeland Security Grant Program (SHSGP) and the Urban Area Security Grant Initiative (UASI). Since 2003, other grant programs have been added, and the Emergency Management Performance Grant (EMPG), a traditional FEMA grant program, has been greatly expanded.

After the 9/11 terrorist attacks and during the early evolution of the grant programs there was severe pressure to allocate and use the grant money as quickly as possible. However, although that sense of urgency did facilitate the purchase and rapid fielding of much-needed equipment at the state and local levels, it was often done at the expense of the long-term planning development that experience shows should be an equally important factor in an effective homeland-security risk-management program.

Commitments, Uncertainties, and Limitations Although the use of grant funds to support planning and program administration has been allowable for many years, many jurisdictions have been reluctant to commit to use those funds to hire personnel, partly because of various uncertainties related to grant funding and partly because of the long-term commitments associated with the hiring of additional staff. There was, in fact, a long-running debate – in both the executive and legislative branches of government – over the proper use of grant funds. On one side were those who questioned whether grant funds should be allowed to support activities – planning and administration, for example – that rely primarily on the hiring of new personnel; on the other side were those who believed the funds should be used primarily or perhaps exclusively for capital expenditures. Eventually, the Office of Management and Budget (OMB) resolved the matter by imposing severe limitations on the use of grant funds for administration and personnel.

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During this same time frame, state and local governments were being hit with a series of requests and demands from the federal government - which understandably, for example, wanted as much information as possible about the operational responses to heightened alert levels, which are set by the federal government but expected to be followed by the state and local governments. There also were numerous federal requests for lists of critical infrastructure, demands for implementation of and compliance with various particulars of the National Incident Management System, and mandates for the submission of information related to current capabilities and the capability gaps.

Responding to these and other requests was no small task, and was complicated by the fact that federal efforts were not always well coordinated and, in some instances, caused a needless duplication of effort. In addition: (1) the technology fielded by the federal government to capture the information provided by state and local jurisdictions was not always reliable; and (2) the administrative burden imposed on state and local jurisdictions to meet the requirements for information frequently exceeded the personnel resources available to compile that information. These and other pressures led to frenetic levels of activity, but all too often that activity produced disconnected and sometimes incomplete lists of critical infrastructure, added to the capability shortfalls, and increased the number of resource gaps identified. The end result was that deliberate planning as an essential component of a well coordinated homeland-security risk-management program was sacrificed and there was a much greater focus on list management - but very little risk management per se.

Additional Funding, New Programs, and a Clearer Focus Following Hurricane Katrina, planning finally became a major focus nationally and was strongly emphasized by and within the grant programs. Planning was highlighted as a specific priority in both the SHSGP and UASI grants in 2006 and 2007, and also was emphasized in Port Security and Transit grants. EMPG funding also was increased significantly, and a new grant program for catastrophic planning was created.

Nonetheless, and despite this much-needed greater focus on planning in the grant programs, equipment is still by far the largest area of actual expenditures, with interoperable communications equipment leading the way. Moreover, because much of the equipment purchased in earlier grant cycles is now coming to the end of its operational life – and replenishment is needed if current capabilities are to be maintained – the current spending trend is likely to continue.

As state and local budgets tighten and the funding available for federal grants becomes scarcer, it is essential that jurisdictions at all levels of government begin to think carefully about the life-cycle costs associated with the capabilities they are building for homeland security – both now and in the future. An effective homeland-security risk-management program will routinely analyze threats, vulnerabilities, and consequences, allowing a state or local jurisdiction both to understand its risks and to act deliberately to reduce those risks – without reducing capabilities.

However, without an understanding of the life-cycle costs associated with the various capabilities – particularly those related to personnel, training, and/or equipment – required to reduce a jurisdiction’s risk, that jurisdiction is limited in its ability to make mid- to long-term decisions on where and how to allocate the funding needed to maintain or increase a specific capability. When conducting planning within a homeland-security risk-management program, therefore, the analysis of the cumulative costs related to specific capabilities should include not only initial expenditures but also the full life-cycle costs – not only for manpower, training, and operations, but also for the maintenance and/or replacement of the various elements that make up a specific capability.

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