



An Analysis of First Responder Grant Funding



PREPARED BY THE STAFF OF THE
HOUSE SELECT COMMITTEE ON HOMELAND SECURITY

Christopher Cox, Chairman

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EXECUTIVE SUMMARY

On September 11, 2001, our Nation's first responders rose to the challenge of the most serious terrorist attack on the American homeland in our history. In the weeks that followed, Congress moved swiftly to appropriate funds to enhance the ability of our first responders to prevent, prepare for, and respond to acts of terrorism. In the two subsequent years, Congress went even further, increasing terrorism preparedness grant programs for first responders more than 2000% over 2001 levels.¹

Yet, two and one half years later, first responders across the Nation report that they have not yet received the vast majority of the \$6.3 billion that Congress and the Administration have



allocated in terrorism preparedness grants since September 11.² In fact, roughly \$5.2 billion in Department of Homeland Security (DHS) grant money remains in the administrative pipeline, waiting to be used by our first responders to, among other things, enhance the interoperability of their communications, purchase protective gear and radiological, biological and chemical agent detectors, and improve training and exercises for responding to terrorist events.³ Under President Bush's most recent budget proposal, another \$2.6

billion likely will be added to the pipeline by the end of this year.⁴

There also have been numerous reports suggesting that the first responder monies that have been received and spent to date have not necessarily gone to the first responders who need it most, or for projects that materially enhance our homeland security.⁵

At the direction of Chairman Cox and Subcommittee Chairman Shadegg, Committee staff undertook a review to determine: (1) whether DHS was making its terrorism preparedness grant funds available to States in a timely and effective manner; (2) how DHS terrorism preparedness grants were being allocated by States among their internal jurisdictions, and how quickly; (3) how these grants were being utilized by States and localities; and (4) the reasons for any delay in expenditures of these funds by state and local recipients.

To accomplish these objectives, Committee staff collected and reviewed data provided by the Office for Domestic Preparedness (ODP) on Fiscal Year 2002 (FY 2002) and Fiscal Year 2003 (FY 2003) grant programs, including the Homeland Security Grant Program and the Urban Area Security Initiative. This data illustrates the amount and rate at which Federal grant

assistance has been expended. In order to understand the manner in which grant funds are allocated once they have been awarded by the Federal government, Committee staff also contacted all 50 States to discuss the method of grant distribution. To further understand the bureaucratic obstacles that must be overcome in order to utilize the grants, the Committee contacted state and local officials in 15 specific States for follow-up conversations. These States include: Arizona, California, Florida, Illinois, Kentucky, Massachusetts, Montana, New Hampshire, Ohio, Tennessee, Texas, Utah, Virginia, Washington and Wisconsin.

Based on a review of the grant data and other information collected, Committee staff found that:

1. DHS awarded homeland security grant funds to States reasonably quickly, but without any real assessment of need or risk (except for the Urban Area Security Initiative).

2. Almost one-third of all States allocated money among their internal jurisdictions without regard to need or risk (other than population), and those that applied risk or need factors did not follow any standard approach to doing so.

3. There were no Federal terrorism preparedness standards or goals to guide expenditure of funds at the state and local levels, leading to numerous examples of questionable spending.

4. Only a very small portion of awarded funds has been utilized to date by state and local recipients. Committee staff found a myriad of explanations for this delay, but identified four common causes: planning to spend the grant, which often occurred late in the grant process, after the grant was awarded and obligated to localities; obtaining local board approval of grant spending; fulfilling state and local procurement regulations; and setting aside funds that could be used to purchase equipment while waiting for reimbursement from DHS.

I. DHS Awards and the Federal Allocation System

Our review of the 2003 State Homeland Security Grant Program (hereinafter, SHSGP) and the 2003 Urban Area Security Initiative Grant Program (hereinafter, UASI) found that DHS obligated 100% of its grant funds to States in a reasonable time period following receipt of Congressional appropriations for this purpose. For example, the FY 2003 SHSGP appropriations were enacted in February 2003. Fifteen days later, ODP announced the amount each State would receive, and ODP awarded the grants to 96% of the States by the end of May 2003. Similarly, the FY 2003 supplemental appropriations bill was enacted in April 2003. Fifteen days later, ODP announced the amount each State would receive, and by early July 2003, ODP had awarded all of that additional money to each State.⁶

At the time the PATRIOT Act was enacted into law (October 2001), total funding covered by this formula was less than \$100 million per year

However, the technical obligation of these funds to States did not necessarily mean that the funds were available for expenditure without further conditions or review by ODP. For the 2002 and 2003 SHSGP Part I Grants, ODP conditioned expenditure on approval of state or local spending plans and this delayed the effective date of availability of funds. For example, in FY 2002 ODP awarded California \$24,831,000 on September 13, 2002, but imposed special conditions prohibiting expenditure or draw down of funds until detailed spending plans were provided. It was not until February 25, 2003, that the special conditions were lifted and the funds became available for draw down. For SHSGP Part II, ODP imposed no special conditions affecting the availability of funds for draw down and this significantly expedited the process. The State of California was awarded its grant on June 20, 2003, and by June 24, 2003, funds were available for draw down.⁷

With respect to method of allocation among the States, DHS followed, in part, a formula set by the Congress that provided each State with a guaranteed minimum amount of State formula grants, regardless of risk or need. Specifically, section 1014 of the USA PATRIOT Act (42 USCS § 3714), passed by Congress in the immediate aftermath of the September 11th attacks, guaranteed each State 0.75% of the total amount appropriated to DHS for state terrorism preparedness grants, and provided smaller guaranteed amounts for certain U.S. territories.⁸ These guaranteed funds amount to almost 40% of the total funding. At the time the

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PATRIOT Act was enacted into law (October 2001), total funding covered by this formula was less than \$100 million per year, providing for a guaranteed minimum of less than \$1 million per State.⁹ However, due to the 20-fold increase in this program between Fiscal Years 2001 and 2003, roughly \$800 million of the \$2.06 billion appropriated for the state formula grants in FY 2003 was distributed according to this formula, giving each State a minimum of approximately \$15 million, regardless of risk or need.¹⁰

Compared to other formula grants administered by the Federal government, this minimum percentage guarantee is unusually large – of a sampling of the largest Federal grant programs to States in FY 2003, totaling over \$200 billion, 75 percent of those funds were free from any minimum guarantees, and even when a minimum guarantee was included in a program's formula, the guaranteed percentage was much lower, typically between 0.25 and 0.5 percent.¹¹

After 40% of the State formula grants were divided and distributed as specified in the PATRIOT Act, ODP then apportioned the remaining 60% of such funds among the States based solely on population, with each State receiving an additional share of funding. For even the smallest State, this approach meant additional funding of \$2 million on top of its guaranteed minimum.¹² In FY 2003, the combined ODP allocation method thus resulted in each State receiving at least \$17.5 million. In contrast, most grant programs administered by the Federal

government that ensure minimum funding for States first allocate funds according to meritorious factors (such as need or risk), and only then “top off” those States that have not reached the guaranteed minimum level.¹³ By funding the entire state minimum first and then adding additional funding to every State based on population, the State formula grants allocate an even greater percentage of total funding without any real assessment of risk or need. While Congress mandated the state minimum, Congress did not require that the remaining 60% of the money be apportioned based on population; nor did Congress require that the state minimum serve as a base upon which additional funds would be allocated.

The ramifications of these funding decisions are profound. The system has provided small counties across the country with relatively large awards of terrorism preparedness money, while major cities such as New York, Los Angeles, Washington, and Chicago struggle to address their needs in a near-constant heightened alert environment. For example, a rural county in Wyoming (population 11,500) was awarded \$546,000 in 2003 State formula grants. By contrast, Jefferson County, Kentucky (population 693,604), which encompasses the city of Louisville, received just \$237,000 more than the Wyoming county in 2003 – despite the fact that Jefferson County has 60 times the population, a significant amount of critical infrastructure, and was recently designated by DHS as a high-threat urban area for purposes of the FY 2004 UASI program.¹⁴



II. State Awards and Allocation Systems

Under Federal law and ODP requirements, States must obligate or pass through 80% of the funds received under the State formula grants for use by localities within 45 days of award by ODP. This same requirement applies to most UASI funds. Nearly all States have met this requirement with respect to 2003 funding as of February 2004. However, as with ODP obligation percentages, these numbers can be misleading with respect to the actual availability of funds for expenditures by localities.¹⁵ For example, the City of Seattle only recently received authorization to begin spending the \$30 million it had been awarded by ODP in May 2003.¹⁶

With respect to method of allocation, many States follow the Federal government’s example by providing a base amount to each county, with an additional amount based on

population. In fact, almost one-third of our Nation's States distributed their Federal first responder funds – totaling over \$650 million in FY 2003 – by formulas that did not account for either need or risk (other than population).¹⁷ These States allocated funds on a basis similar to the Federal government's method. States that have adopted this latter approach include: Arizona, California, Kentucky, Montana, Utah, and Washington (see Appendix 1: State Allocation Method to Sub-Grantees).

In Kentucky, for example, the State's decision to allocate 2003 funds based on the



Federal method resulted in Jefferson County, home to the City of Louisville and 25% of the entire population of Kentucky, receiving only 2% of the \$9 million in the first round of SHSGP funding, and only 3% of the \$20.6 million in the second round of funding.¹⁸

Some States have recognized the inadequacies of the Federal model and have incorporated threat, vulnerability, and risk factors into their funding decisions. Massachusetts, for example, decided to allocate funds based on identified threats. The State developed a grant process that relied on competition among grantees for the most compelling projects to be funded, on the theory that not all areas of the State were as equally vulnerable to attack. Wisconsin also incorporated need and threat factors into its funding formula. After the State allocated 50% of grants based on population, it partnered with local communities to allocate 20% based on threat, 10% on vulnerability, and 20% on need.¹⁹

Other States that have incorporated at least some threat, risk, or vulnerability factors into their funding formulas include Idaho, Oklahoma, Oregon, Louisiana, Iowa, New Mexico, Nevada, and Rhode Island. However, the risk-based approaches of the States varied widely due to a lack of Federal guidance and insufficient sharing of threat and vulnerability information, according to staff interviews. Accordingly, very few States weighted such risk factors heavily in their funding formulas.

In fact, many of the States that followed the Federal formula in FY 2003 told Committee staff in interviews that they plan to move towards a more threat-, vulnerability-, and risk-based approach for the FY 2004 allocation of first responder monies, stressing the need to distribute funding in a more focused and effective manner. Kentucky, for example, recognized the disparities in funding that were the result of its decisions on 2003 grant allocations and has changed its Homeland Security Grant Programs for FY 2004 to a more threat-based approach, reserving \$5 million of its funding for high-threat areas in the State.²⁰

III. Lack of Federal Terrorism Preparedness Goals

Common sense suggests that a mid-size Midwestern city with a nuclear power plant to the north and a row of chemical facilities to the south has different (and greater) terrorism preparedness needs than a similarly-sized city without such critical infrastructures, or a smaller, rural community without any attractive terrorist targets. But, due to the lack of clear strategic guidance from the Federal level about the definition and objectives of terrorism preparedness, communities across America report that they do not know how best to spend their Federal grant dollars. Based on Committee staff interviews with state and local officials across the country, it is clear that there currently is no consistent methodology for States and localities to determine their terrorism preparedness needs or what their preparedness goals should be. The lack of target goals and guidance has resulted in terrorism preparedness dollars being spent on equipment or projects of only marginal utility to homeland security.

For example, Committee staff interviewed an official from a small rural county of 49,405 people in the State of Washington. Its principal industries are logging and Christmas tree farming. In FY 2003, the county received \$132,000 in homeland security funds. With those funds, the county purchased a \$63,000 decontamination hazmat unit that is being stored in a crate in a metal warehouse across the street from the county sheriff's office – an expensive item for a county that does not even have a Hazmat team and little, if any, critical infrastructure. In an interview with Committee staff, an official with the county sheriff's Department wondered at the choices that were being made: "We are a small rural county, not a high-risk threat area. This specialized equipment will go to waste sitting on a shelf collecting dust."²¹

The lack of preparedness goals also has led to miscommunication between States and localities as to what capabilities need to be funded. For example, this same county submitted a request for basic radios to outfit its law enforcement, but the State, purchasing on its behalf, instead delivered six encrypted radios worth \$3,856 each, which turned out to be incompatible with the county's existing radio system and could not be used. This mishap led one county official to comment: "This is a lot of money with no forethought. Not a lot of thought has gone into this and how we can best use funds for our particular type of community."²²

The lack of defined preparedness goals – combined with the breadth of the ODP purchasing guidelines – lead many state officials to confess that the ODP program is treated as a wish list. ODP guidelines include 18 general equipment categories, including protective gear,

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animal-restraint devices, airplanes, boats, and medications. While flexibility is valuable and allows States and localities to tailor funding to meet the unique needs of their individual communities, flexibility in the absence of target goals for preparedness fails to guarantee that funds will be spent on actual needs. The lack of clear preparedness objectives led Supervisor Mike Thomas of Outagamie County, Wisconsin to equate the array of purchases available through the grant to “a Christmas list ... from a mail-order catalog.”²³ An official from the rural county in Washington discussed above echoed these sentiments: “Some of the equipment on the ODP list we don’t even recognize. We think, well this looks good, maybe we’ll need it. We’re getting stuff we won’t use. This equipment could have gone to Seattle where the real threat is.”²⁴

Other examples include the State of Missouri, which used several million of its homeland security dollars to purchase 13,000 chem-bio warfare suits at \$400 a piece – one for each and every full-time law enforcement officer in the State, regardless of the type of community in which he or she works.²⁵ In Colchester, Vermont (population 18,000), officials used \$58,000 to buy a search and rescue vehicle capable of boring through concrete to search for victims in collapsed buildings.²⁶ And, in Grand Forks, North Dakota (population 70,000), officials stocked up on biochemical suits and decontamination tents, and are considering buying a \$175,000 bomb-detecting robot.²⁷

Many localities also see the ODP funds as an opportunity to build up their non-terrorist-related response capabilities. In Yadkin County, North Carolina, \$44,000 in homeland security



grants were spent to purchase a state-of-the-art mobile decontamination trailer, complete with warm showers, which will presumably be used to aid victims of pesticide or other chemical exposure in this small farming community. Yadkin County’s emergency services director said: “We are trying to get equipment that we could use for events that could happen at any time. I’m not preparing for Osama because I’m not sure he’s coming to Yadkin County.”²⁸ In the community of Red Oak, Texas, the fire chief and his counterparts in nine neighboring towns, with a combined population just under 200,000, were awarded \$800,000 in anti-terrorism funding. The 10-community

district came together last November and made its spending decision. The entire award amount was used to purchase a rescue truck and support vehicle filled with specialized equipment.

When asked how this new item would meet their homeland security needs, county officials emphasized the gap in their rescue capabilities and how this truck will aid in pulling survivors from wrecked vehicles, trenches, and flooding rivers.²⁹ Likewise, \$30,000 in homeland security dollars helped fund a defibrillator for a high school in Lake County, Tennessee. In discussions with Committee Staff, Lake County Mayor Macie Roberson stated that it would be good to have one on site for the district basketball tournament.³⁰

The establishment of national goals or benchmarks for appropriate levels of terrorism preparedness for different types of communities is a critical first step in ensuring the effectiveness of Federal anti-terrorism grant funds. The Gilmore commission warned of the dangers of lacking a national preparedness goal in its fifth and most recent annual report to Congress, “Forging America’s New Normalcy.” It stated: “By the time clear definitions and objectives are provided many communities and States may have embarked on paths that are measurably different from those adjacent to them and potentially inconsistent with a national approach.”³¹ President Bush, in a Homeland Security Presidential Directive issued last December, has prioritized the development of a national preparedness goal, which “will establish measurable readiness priorities and targets.... 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.”³²

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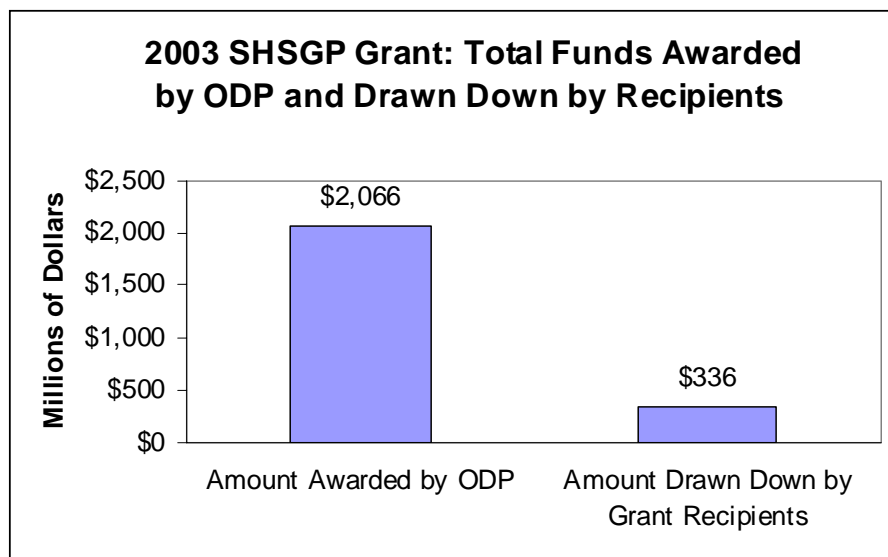
IV. Lack of Advance Planning and Delays in Use of First Responder Funding

The flow of funding from the Federal government to first responders can be likened to a top-heavy hourglass, with many grains of sand slowly filtering their way through a chokepoint to their intended destination. In a similar fashion, Congress has appropriated an abundance of homeland security dollars since September 11th that are very slowly finding their way through bureaucratic chokepoints to first responders.

To examine exactly how many of the homeland security dollars remain in the pipeline, the Committee obtained data on grant expenditures for the largest first responder grant programs in 2003 – the DHS State Homeland Security Grant Program and the DHS Urban Area Security Initiative.

In examining the DHS SHSGP grants, the Committee found that, as of April 2004, approximately 85% of these grant funds had not yet been drawn down by local governments because of various bureaucratic obstacles. (Figure 1)³³

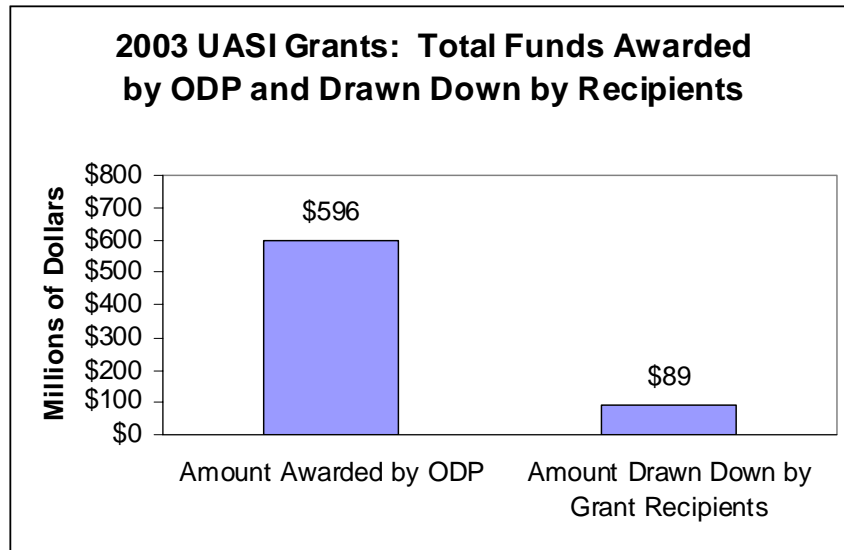
FIGURE 1:



In interpreting this data, it is important to realize that draw down information is updated only when ODP actually reimburses States for completed purchases. Because of this accounting method, many States rightly will claim that the amount they have spent is higher than the amount reflected in ODP draw down data. For example, if a State has signed a contract to procure equipment but the equipment is on backorder, the draw down data will not reflect this purchase until the State submits a receipt for the equipment purchase and is reimbursed by ODP. While this point is valid, an examination of a select group of States also reveals that, even accounting for this argument, the amount of grant funds spent by recipients will not change significantly.

Similarly, the Committee examined the DHS UASI grants. During FY 2003, UASI funding totaled \$800 million – \$100 million in Part I (which was obligated directly to the urban areas in April 2003), and \$700 million in Part II (\$500 million of which was not targeted towards any particular type of infrastructure and was obligated to the States for pass through to the urban areas in May 2003). Excluding the \$200 million targeted for specific types of infrastructure, the Committee found that only 15% of the \$600 million had been drawn down by April 2004.³⁴

Much of this delay has resulted because UASI recipients have been conducting assessments, developing their spending strategies, and seeking ODP and state approval since the awards were announced beginning in April 2003. Thus, to date, only 18 of the 30 grantees under this program have spent any of the \$600 million in terrorism funding that was directed to our highest-threat areas. In fact, New York City accounts for \$82 million of the \$89 million that has been drawn down to date. Draw downs from the remaining 17 cities have combined to total just \$7 million.³⁵

FIGURE 2:

Another example: of the \$11 million awarded to Chicago in UASI Part I, the City has obligated only \$2.7 million of it for specific expenditures. For Part II, an additional \$30 million was awarded to Chicago, yet only \$3.4 million has been obligated. And none of the \$6.1 obligated by Chicago has been spent to date.³⁶ Other major cities, such as Seattle, only recently have obtained authorization from ODP and the State of Washington to move forward with the procurement process. Thus, Seattle has not yet spent any of the \$30 million in 2003 UASI funds it received. And as spending is just now being authorized, cities will face the same administrative difficulties and special requirements discussed below, which will further delay the delivery of equipment and training to our first responders in some of our Nation's most densely populated and threatened areas.

There are a number of steps that must occur before a first responder receives a piece of equipment purchased with homeland security dollars. These steps are listed in the order in which they would occur without any advance planning:

CONGRESS

1. Congress appropriates funds for grant programs.

DHS

2. ODP divides these funds among States and territories and announces the award amounts.
3. ODP permits States to begin spending the grant awards.

STATE

4. States divide the grant award among jurisdictions within their States and announce the award amounts.
5. States permit jurisdictions to begin spending the grant awards.

LOCAL

6. Jurisdictions must approve the acceptance of the grant award.
7. Jurisdictions must develop spending plans to use the grant award.
8. Jurisdictions begin the procurement process, usually a competitive one.
9. Jurisdictions begin purchasing items and submit receipts to ODP for reimbursement.
10. ODP reimburses the jurisdiction and the expenditure is accounted for in ODP draw down data.

Extensive interviews with state and local government officials revealed that no single step in the grant allocation process responsible for the logjam. Instead, several readily identifiable factors contribute to the overall delay in the actual use of first responder funding, the bulk of which occur during steps 5-9 of the above funding process. They are as follows:

A. Planning to spend the grant often occurs after the grants are actually received.

Through interviews with state and local officials, Committee staff uncovered multiple examples of local governments that received grant awards despite lacking a plan for how they

According to interviews with New York State officials, its draw down success is attributable to the fact that the State required its localities to provide detailed spending plans during the 45-day obligation window.

actually would spend the money. In these cases, localities waited to begin the planning process until after they received confirmation of the exact amount of the grant and permission from the State to spend it. Often times, a reasonable estimate of the eventual award amount was available months earlier, but many localities still waited to initiate early planning until the exact figures were known. In over half of the States interviewed, local governments had not submitted detailed spending plans to the States prior to the time the States had obligated these homeland security grants to the localities. These States, then, had little sense at the time of obligation as to how the funds would be used, and often required spending plans from these localities

before permitting actual draw down of funds.

The lack of sufficient coordination among the Commonwealth of Virginia, Fairfax County, and the County's localities and departments to develop spending plans is one such example. In August 2003, Virginia obligated State Homeland Security Grant Program Part II (SHSGP II) funds to Fairfax County, yet it was not until March 2004 that Fairfax County informed its localities and departments that, in order for the county to distribute the Federal funding, it would need a detailed spending proposal from them. As a result, not a single dollar of this grant has been spent by its localities and departments, eight months after Fairfax County received it.³⁷

Developing spending proposals late in the grant cycle is a practice that is prevalent across the Nation. Although the amount of SHSGP II awards to each State were announced in April 2003, the Commonwealth of Kentucky did not even begin receiving spending proposals from localities until mid-October and, as of March 2004, less than half of the total proposals have been submitted to the State – more than 11 months later. As a consequence, only \$1,500,875 of \$8,232,160 direct-to-county funding has been spent, and only \$123,000 of \$2,800,000 for regional response teams has been spent.³⁸ In Montana, detailed spending proposals have just now begun to be submitted in April 2004 for both 2003 SHSGP I and II funds, which means that none of the Part I money (\$3,196,000) or Part II money (\$9,739,000) for equipment has been spent.³⁹

Similarly, in Ohio, 43 percent of the State's counties have not, as of March 2004, filed the required spending plans for their share of the 2003 State Homeland Security Grants.⁴⁰ In the State of Washington, most of the 2003 SHSGP Part I funds have been spent and the equipment is in first responder hands. But for Part II, the much larger pot of money, only \$37,000 out of \$29,917,000 has been spent, and only 15% of the State's counties have submitted spending plans.⁴¹ And in North Carolina, the State has spent less than four percent of its 2003 grant allotment of \$51 million as of March 2004, mostly due to counties not submitting their plans or spending invoices yet. The State had given counties until the end of February 2004 to submit their final spending plans for the 2003 grants.⁴²

‘If it weren’t for the procurement obstacles, Illinois, because they place the planning at the front-end of the application process, would be able to purchase equipment two weeks after the obligation date. Spending is disjointed if you don’t plan ahead. They have it backwards.’

In contrast, the State of Illinois took a different approach to the planning process. In cooperation with local governments, it developed spending proposals before receiving the ODP

obligation. The State looked at the President's Budget Request and planned according to estimated amounts of funding. As the director of the Illinois Terrorism Task Force, said: 'If it weren't for the procurement obstacles, Illinois, because they place the planning at the front-end of the application process, would be able to purchase equipment two weeks after the obligation date. Spending is disjointed if you don't plan ahead. They have it backwards.'" Because of this emphasis on early planning, Illinois was not only able to obligate the funds within the Congressionally-mandated 45-day deadline, but also had mapped out how the funds would be spent.⁴³ Similarly, Georgia has a state law that requires spending plans to be completed before the State can obligate funds to localities. This law requires locals to develop detailed plans at the front end of the application process. By contrast, many States complained about the 45-day deadline and fulfilled the mandate only by announcing grant awards without detailed spending plans that matched.

New York's system appears to have resulted in the most efficient draw down of funds of any State. As of February 2004, New York localities had spent roughly 65% of the 2003 SHSGP money available to them, a number that is closer to 80% currently. According to interviews with New York State officials, its draw down success is attributable to the fact that the State required its localities to provide detailed spending plans during the 45-day obligation window.⁴⁴

B. Delays in obtaining local board approval.

In order for local governments to spend grant money, a local authority (such as a County Board or City Council) often must provide written approval. Committee staff interviews with state and local officials across the country have revealed that these internal processes for grant approval can slow the pace of first responder funding considerably, even after the locality obtains state and ODP approval of its application.

The requirements that must be met in order to spend grant money in Fairfax, Virginia illustrate this type of delay. As Appendix 2: Table 1 shows, Virginia notified Fairfax County in August 2003 that \$628,301 had been awarded to it in grant money. By November 18, 2003, Fairfax had submitted an application for these funds, and this application had been approved by the State and ODP. Yet, because of a peculiar state law that requires grant money to be physically transferred to local accounts before purchases can be made, Fairfax County's board could not approve the grant award and authorize spending until March 8, 2004 – a delay of seven months.⁴⁵

Other States have reported similar local impediments to achieving a more expedited flow of funding. New Hampshire requires towns to wait for approval for their equipment proposals until its annual town meetings are held in March of each year. Thus, regardless of when local authorities are awarded grants through regular or supplemental funding, New Hampshire's local first responders cannot begin to purchase equipment until such approval is

granted the following March.⁴⁶ In Texas, after the budget lists are approved by the State, the local boards and city councils must approve them before localities are given permission to spend the grants, and many cities like Houston, San Antonio, and Dallas require such local government approval. “This can delay the process for up to three months,” one state official said. Wisconsin’s county processes are equally cumbersome. County boards often take up to four months to grant local officials permission to move forward with the procurement process.⁴⁷ In general, localities across the country have similar processes in place that can significantly delay the flow of first responder funding.

C. State and local procurement rules slow the flow of funding.

Through the course of conducting interviews with officials from States and local governments across the country, Committee staff learned that state and local procurement regulations can result in significant delays. Arizona, California, Florida, Kentucky, Texas, Utah and Washington are just a few of the States that have highlighted this problem. For example, even though the Commonwealth of Kentucky has taken the initiative to organize bidding processes for localities and to provide them with pre-approved equipment and services lists, state and local laws requiring competitive bidding for any purchases above \$20,000 still can delay actual procurements by months. Some counties require that multiple bids be received in response to requests for proposals. Further, if the bid specifications are not met, the bidding process must start all over again. In one such case, the State organized a bidding process of multiple vendors to purchase a mobile command post worth \$600,000. Although the process had been going on for seven months, just recently the State had to re-issue the bid because the specifications had not been met by the bidders.⁴⁸ (See Appendix 2: Table 2)

“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.”

According to Kentucky’s Emergency Management Director, expenditure of funds has occurred as quickly as possible, but state and local laws governing purchases have proven to be a significant delay. As he summed up: “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.”⁴⁹

Kentucky is not alone in encountering these obstacles. In Tennessee, as of March 2004, only \$381,000 out of \$10 million awarded in SHSGP Part I has been spent, and nothing has been spent of the \$25 million (not including the critical infrastructure portion) awarded to the State in SHSGP II. State officials attribute the slow flow of funding to the procurement process. One state official pointed out that, after the lengthy bidding process, localities must then write a contract with vendors, and this process takes time.⁵⁰

Many States are looking to move to a centralized purchasing system to avoid at least some of the local procurement impediments. Yet even States that have organized equipment purchases for their localities have faced hurdles. In Illinois, the State purchases equipment on behalf of localities according to determinations made by a state-level group called the Illinois Terrorism Task Force. For FY2003, the State was awarded \$68.8 million. The State obligated all of the funds within the 45-day deadline. But, of that amount, only 20% actually has been



spent as of March 2004. Officials attribute much of the delay to procurement laws, which require a public bidding process, and state that working through the multiple bids that result can be time-consuming.⁵¹

Maine's grant administrator highlighted a slightly different problem in the procurement process: "The request for purchases and the bidding process served as the greatest hurdle in getting the equipment into the hands of first responders. Vendors are often back-loaded given the number of States that are requesting the same types of equipment." Thus, even when the bidding process is complete, manufacturing and inventory problems still can limit the ability of localities to purchase equipment.⁵²

D. The reimbursement system limits the flow of funding.

Most States operate under a 100% reimbursement system, with no funds advanced to local or county agencies for expenditure. Localities, then, are required to purchase equipment with their own money and seek reimbursement. Some States report that the reimbursement scheme presents significantly more than an accounting problem for those towns that do not have the budgets to spend up front and seek reimbursement. Tennessee is one among many States that has identified the reimbursement scheme as a significant obstacle in trying to improve the flow of funds. "Some localities," one state official said, "simply don't have the financial capacity to cover the out-of-pocket expenditures and it takes longer for them to spend the money."⁵³

The State of Utah recognized this problem and created a solution. Although localities had been given permission to spend grant money as of June 4, 2003, very few funds had been expended four months later. Indeed, by October 1, 2003, only \$7,597 of the \$6,937,000 awarded to the State in Part I of FY 2003, and none of the Part II funds, totaling \$12,739,200 had been spent. According to state officials, this delay was largely due to the inability of localities to pay out of their own pockets.⁵⁴

To address this issue, the State decided to provide local governments with the option of an advance payment. Under this system, the localities assessed their needs, decided on equipment purchases, drafted the contracts, and ordered the equipment, and the State then forwarded the funds necessary to pay the invoices. This approach has significantly sped up the expenditure of funds (see Appendix 2: Table 3)). Indeed, since October 12, 2003, when the State implemented the Advanced Payment Purchasing Option, the total amount expended has risen to \$2,584,676 for Part I and \$5,237,093 for Part II as of March 2004.⁵⁵ Maine and Kentucky recently have adopted similar approaches, requiring that their localities only submit an invoice or proof of purchase to qualify for reimbursement.

CONCLUSION

It is clear from the facts described in this report that much of the \$6 billion that has been allocated by the Federal government to improve the terrorism preparedness of our Nation's first responders since the attacks of September 11, 2001, has not been distributed or



spent in a way that maximizes the homeland security benefits of such funding. The causes of this result include the lack of risk-based prioritization and distribution, and the lack of clear and measurable Federal preparedness goals or targets to guide state and local expenditures. It is further apparent that the vast majority of these dollars remain tied up in administrative bottlenecks at various levels of government, due at least in part to the lack of advance planning by States and localities with respect to the expenditure of these grant funds.

APPENDIX 1: STATE ALLOCATION METHOD TO SUB-GRANTEES

| State | Base Allocation | Formula Allocation to Sub-Grantees Based on Population | Formula Allocation to Sub-Grantees Based on a Base Allocation + Population for the Remainder | Allocation to Sub-Grantees Based on Some Consideration of Risk/Threat | Allocation to Sub-Grantees Based on Some Consideration of Achieving Capabilities or Fulfilling Needs |
|---------------|------------------------|---|---|--|---|
| Alabama | | X | | | X |
| Alaska | | | | X | X |
| Arizona | | | X | | |
| Arkansas | X | X | | | X |
| California | | | X | | |
| Colorado | | | | | X |
| Connecticut | | | | | X |
| Delaware | | | | | X |
| Florida | | | X | X | X |
| Georgia | | X | | | X |
| Hawaii | | | X | | |
| Idaho | | | X | X | |
| Illinois | | | | | X |
| Indiana | | X | | X | |
| Iowa | | | X | X | |
| Kansas | X | | | X | X |
| Kentucky | | | X | | |
| Louisiana | | X | | X | |
| Maine | | | | | X |
| Maryland | | X | X | X | |
| Massachusetts | | | | X | X |
| Michigan | | | X | | |
| Minnesota | | X | | X | X |
| Mississippi | | | X | | |
| Missouri (I) | | | X | | X |
| Missouri (II) | X | | | X | X |

AN ANALYSIS OF FIRST RESPONDER GRANT FUNDING

| State | Base Al- location | Formula Al- location to Sub- Grantees Based on Population | Formula Allo- cation to Sub- Grantees Based on a Base Alloca- tion + Popula- tion for the Remainder | Allocation to Sub- Grantees Based on Some Con- sideration of Risk/Threat | Allocation to Sub-Grantees Based on Some Consid- eration of Achieving Ca- pabilities or Fulfilling Needs |
|-------------------|------------------------------|--|--|---|---|
| Montana | | | X | | |
| Nebraska | | | X | | |
| Nevada | | X | | X | |
| New Hampshire | | X | | | X |
| New Hampshire | | X | | X | X |
| New Jersey (I) | | X | | X | |
| New Jersey (II) | | | | X | X |
| New Mexico | | | X | X | X |
| New York | | | X | | X |
| North Carolina | | | X | | |
| North Dakota | | | X | | |
| Ohio | | | X | | |
| Oklahoma | | | | | X |
| Oregon | | | | X | X |
| Pennsylvania | | X | | X | |
| Rhode Island (I) | | X | | | |
| Rhode Island (II) | | | | X | |
| South Carolina | | X | | | X |
| South Dakota | | | X | | |
| Tennessee (I) | | X | | | |
| Tennessee (II) | | X | | X | X |
| Texas | | X | | X | X |
| Utah | | | X | | |
| Vermont | X | | | X | |
| Virginia | | | X | | |
| Washington | | | X | | |
| West Virginia | | | | | X |
| Wisconsin | | X | | X | X |
| Wyoming | | X | | | |

APPENDIX 2: TIMELINES THAT ILLUSTRATE THE FLOW OF FIRST RESPONDER FUNDING IN SELECTED COMMUNITIES

Table 1: Delays in Obtaining County Board Approval and Authorization Slow First Responder Funding

Timeline of State Homeland Security Grant Program Distribution for FY2003 Part I

Virginia and Fairfax County

| | |
|--------------------|--|
| February 20, 2003 | FY 2003 appropriation signed into law. ODP allocated \$566,295,000 for SHSGP I. |
| March 7, 2003 | ODP releases FY 2003 SHSGP I grant application to States. |
| May 7, 2003 | ODP awards Virginia \$7,139,201 in SHSGP I, but imposes special conditions prohibiting the expenditure or draw down of funds until detailed spending plans for equipment and training are submitted and approved by ODP. |
| June 3, 2003 | Virginia sends to ODP notification that it has obligated the funds to its localities. |
| Early August | Virginia notifies Fairfax County that the \$628,301 had been awarded and requested an application. |
| August 21, 2003 | Fairfax County submits grant application to Virginia . |
| September 26, 2003 | Virginia approves County application and sends it on to ODP for approval. |
| November 18, 2003 | County receives letter from Virginia that ODP had approved the application. |
| January 10, 2004 | Funds were transferred from the Federal Office of Justice Programs into Virginia system. |
| January 18, 2004 | State sent County notification that funds were available for draw down. |
| March 8, 2004 | County board meets and approves the award amount and authorizes spending. Localities are notified that they can start spending Part I funds. |

Timeline of State Homeland Security Grant Program Distribution for FY2003 Part II**Virginia and Fairfax County**

| | |
|------------------|---|
| April 16, 2003 | FY 2003 supplemental appropriation signed into law. ODP allocated \$1,500,000,000 to SHSGP II. |
| April 30, 2003 | ODP releases FY 2003 SHSGP II grant application to States. |
| June 12, 2003 | ODP awards Virginia \$21,353,600 and, in SHSGP II funding, but imposes no special conditions affecting the availability of funds for draw down. ODP still requires Virginia to provide budget detail worksheets with its categorical assistance progress report for the period ending June 30, 2003. |
| July 21, 2003 | Virginia obligated funds to Fairfax County. |
| August 29, 2003 | Virginia notified County that the \$2,057,481 had been awarded to it. Fairfax County submits grant application to Virginia. |
| January 10, 2004 | Funds were transferred from the Federal Office of Justice Programs to Virginia. |
| January 18, 2004 | Virginia sent County notification that funds were available for draw down. |
| January 20, 2004 | County received letter of approval of application. Funds were sent to the County . |
| March 8, 2004 | The County Board of Supervisors approved acceptance of this award. |
| March 10, 2003 | Fairfax County sends to its localities and departments its internal budget guidelines for the SHSGP II monies. Although ODP issued no requirement for a detailed spending plan, the County imposed such a requirement to ensure that all agencies are getting what they need. For Part II, no funds have been expended to date and no spending plans have been submitted. |

Table 2: State and Local Procurement Rules Slow First Responder Funding**Timeline of the Commonwealth of Kentucky's Purchase of a State Mobile Command Post with 2003 State Homeland Security Grant Program Funding**

| DATE | ACTIVITY |
|----------------------------|---|
| June 9, 2003 | FY2003 Part II Grant Award Document signed and returned to ODP State Mobile Command Post is part of budget submitted and approved by ODP |
| June 17, 2003 | Request to purchase State Mobile Command post is forwarded to the State Finance Cabinet for review and approval to expend funds. |
| June 19, 2003 | State Finance Cabinet approves expenditure of funds. |
| June 20, — October 30 2003 | Kentucky Division of Emergency Management develops specifications for the State Mobile Command Post and develops draft solicitation for bid. Draft Solicitation is reviewed by the State Finance Cabinet Buyer and approved for issue. |
| October 31, 2003 | Solicitation for Bid on the State Mobile Command Post is released on the web for offers from vendors. |
| November 13, 2003 | State Finance Cabinet conducts a vendor pre-bid conference for three vendors who have expressed interest in the solicitation. Questions from vendors are answered and any modifications required are made to the solicitation. |
| December 19, 2003 | The solicitation is closed and the State Finance Cabinet Buyer begins the process of reviewing the bids to make sure they meet the requirements as stated. During this period, the Buyer was activated for military service and did not return until after Christmas. |
| February 2, 2004 | Agency notified of final intent to award the contract, but the final bid agreed to by the Finance Cabinet Buyer was over the available budget. Additional funds had to be approved by request from ODP. |
| February 3, 2004 | ODP approves funding adjustment. |

| | |
|-------------------------------|---|
| February 4 — March 1, 2004 | Funding is adjusted in state financial system and total cost is determined to change the purchase status of the equipment from a regular equipment cost to a Capital Purchase. The project is submitted to the State Legislative Committee on Capital Purchases for review and approval. |
| March 24, 2004 | State Legislative Committee on Capital Purchases approves the purchase as listed. Final bid is reviewed by agency and, in light of technical improvements made in communications technology within the previous 10 months the bid is rejected as not meeting up to date technical capabilities. |
| March 25 — April 05, 2004 | Solicitation is re-written by the Kentucky Division of Emergency Management and will be re-submitted to the State Finance Cabinet when finished for new bid/review/approval cycle. |

Table 3: Problems with Reimbursement Delay First Responder Funding

Timeline of the State of Utah's Reimbursement Scheme for 2003 State Homeland Security Grant Program Funding

| | |
|------------------|--|
| April 1, 2003 | ODP awards Utah Department of Public Safety, Comprehensive Emergency Management \$6,937,000 in SHSGP I |
| | Within a week of the award date, the State Grant Advisory Board meets to prioritize needs and make funding allocation decisions |
| June 4, 2003 | Utah sends to ODP notification that it had obligated Part I funds to its localities and localities are given the green light to spend. |
| June 19, 2003 | ODP awards Utah Department of Public Safety, Comprehensive Emergency Management \$18,374,000 in SHSGP II |
| June 30, 2003 | Utah sends to ODP notification that it had obligated Part II funds to its localities |
| October 1, 2003 | Only \$7, 597 of Part I funds have been spent. For Part II, \$0 has been spent. |
| October 12, 2003 | The state of Utah implements Advance Payment Purchasing Option |
| March 8, 2004 | \$2, 584,676 has been spent for Part I and \$5,237,093 for Part II |

**APPENDIX 3: FEDERAL FUNDING TO PREVENT, PREPARE FOR,
AND RESPOND TO ACTS OF TERRORISM AND OTHER
EMERGENCIES**

See Next Page

FEDERAL FUNDING TO PREVENT, PREPARE FOR, AND RESPOND TO ACTS OF TERRORISM AND OTHER EMERGENCIES

| Homeland Security Chairman Christopher Cox 202-226-8417 | Total federal funding to enhance the ability of State and local governments and first responders to prevent, prepare for, and respond to acts of terrorism and other emergencies | | | | | | DHS (or predecessor agency) funding to enhance the ability of first responders to prevent, prepare for, and respond to acts of terrorism and other emergencies (EXCLUDES DOJ or HHS GRANTS) | | | | | | DHS (or predecessor agency) funding to enhance the ability of first responders to prevent, prepare for, and respond to acts of terrorism (EXCLUDES GRANTS FOR TRADITIONAL MISSIONS--i.e.. Emergency Management Performance Grants, Assistance to Firefighters, National Disaster Medical System) | | | | | | DHS (or predecessor agency) grants to enhance the ability of first responders to prevent, prepare for, and respond to acts of terrorism (EXCLUDES NON-GRANT FUNDING, SUCH AS FEDERAL TRAINING OR EXERCISE PROGRAMS) | | | | | | Grants covered by HR 3266 for terrorism preparedness (INCLUDES ANY GRANT PROVIDED BY DHS TO STATES OR REGIONS TO ENHANCE THE ABILITY OF FIRST RESPONDERS TO PREVENT, PREPARE FOR, AND RESPOND TO ACTS OF TERRORISM) | | | | | |
|---|--|---------------|---------------|---------------|--------------|-----------------|---|---------------|--------------|-------------|--------------|-----------------|--|--------------|---------------|---------------|---------------|-----------------|---|--------------|--------------|---------------|--------------|-----------------|---|--------------|--------------|---------------|--------------|-----------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 Request | Total 2001-2005 | 2001 | 2002 | 2003 | 2004 | 2005 Request | Total 2001-2005 | 2001 | 2002 | 2003 | 2004 | 2005 Request | Total 2001-2005 | 2001 | 2002 | 2003 | 2004 | 2005 Request | Total 2001-2005 | 2001 | 2002 | 2003 | 2004 | 2005 Request | Total 2001-2005 |
| Program | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Department of Homeland Security (DHS) and Predecessors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DHS Office for Domestic Preparedness (ODP) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| State Homeland Security Grant Program (administered as formula grants) | 97 | 315.7 | 1,866 | 1694.9 | 700 | 4673.6 | 97 | 315.7 | 1,866 | 1695 | 700 | 4673.6 | 97 | 315.7 | 1,866 | 1694.9 | 700 | 4673.6 | 97 | 315.7 | 1,866 | 1694.9 | 700 | 4673.6 | 97 | 315.7 | 1,866 | 1694.9 | 700 | 4673.6 |
| Law Enforcement Terrorism Prevention (administered as formula grants) | X | X | X | 497.2 | 500 | 997.2 | X | X | X | 497.2 | 500 | 997.2 | X | X | X | 497.2 | 500 | 997.2 | X | X | X | 497.2 | 500 | 997.2 | X | X | X | 497.2 | 500 | 997.2 |
| Citizen Corps | X | 25 | 30 | 39.8 | 50 | 144.8 | X | 25 | 30 | 39.8 | 50 | 144.8 | X | 25 | 30 | 39.8 | 50 | 144.8 | X | 25 | 30 | 39.8 | 50 | 144.8 | X | 25 | 30 | 39.8 | 50 | 144.8 |
| High Threat Urban Areas | 21 | 2.6 | 800 | 720.7 | 1200 | 2744.3 | 21 | 2.6 | 800 | 720.7 | 1200 | 2744.3 | 21 | 2.6 | 800 | 720.7 | 1200 | 2744.3 | 21 | 2.6 | 800 | 720.7 | 1200 | 2744.3 | 21 | 2.6 | 800 | 720.7 | 1200 | 2744.3 |
| Critical Infrastructure Protection Grants | X | X | 200 | 0 | 200 | 400 | X | X | 200 | 0 | 200 | 400 | X | X | 200 | 0 | 200 | 400 | X | X | 200 | 0 | 200 | 400 | X | X | 200 | 0 | 200 | 400 |
| Other (technical assistance, training, research) | 103 | 333.2 | 358.3 | 315.2 | 198.9 | 1308.6 | 103 | 333.2 | 358.3 | 315.2 | 198.9 | 1308.6 | 103 | 333.2 | 358.3 | 315.2 | 198.9 | 1308.6 | X | X | X | X | X | X | X | X | X | X | X | X |
| ODP Subtotal | 221 | 676.5 | 3,254 | 3267.8 | 2849 | 10269 | 221 | 676.5 | 3,254 | 3268 | 2849 | 10269 | 221 | 676.5 | 3,254 | 3267.8 | 2848.9 | 10269 | 118 | 343.3 | 2,896 | 2952.6 | 2650 | 8959.9 | 118 | 343.3 | 2,896 | 2952.6 | 2650 | 8959.9 |
| DHS Directorate of Emergency Preparedness and Response (EP&R) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assistance to Firefighters Program | 100 | 360 | 750 | 745.6 | 500 | 2455.6 | 100 | 360 | 750 | 745.6 | 500 | 2455.6 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Emergency Management Performance Grants (EMPG) | 270 | 135 | 165 | 180 | 170 | 920 | 270 | 135 | 165 | 180 | 170 | 920 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Emergency Management Performance Account (Non-EMPG funding, such as funding for Urban Search and Rescue, Emergency Ops Centers, & Interoperable Communications) | | 345 | 278.1 | 60 | 60 | 743.1 | | 345 | 278.1 | 60 | 60 | 743.1 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Metropolitan Medical Response System | 17.4 | 21.8 | 50 | 50 | 0 | 139.2 | 17.4 | 21.8 | 50 | 50 | 0 | 139.2 | 17.4 | 21.8 | 50 | 50 | 0 | 139.2 | 17.4 | 21.8 | 50 | 50 | 0 | 139.2 | X | X | X | X | X | X |
| National Disaster Medical System | 7.1 | 33.1 | 33.3 | 34 | 34 | 141.5 | 7.1 | 33.1 | 33.3 | 34 | 34 | 141.5 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| EP&R Subtotal | 394.5 | 894.9 | 1276.4 | 1069.6 | 764 | 4399.4 | 395 | 894.9 | 1276 | 1070 | 764 | 4399.4 | 17.4 | 21.8 | 50 | 50 | 0 | 139.2 | 17.4 | 21.8 | 50 | 50 | 0 | 139.2 | 0 | 0 | 0 | 0 | 0 | 0 |
| DHS Total | 615.5 | 1571.4 | 4530.7 | 4337.4 | 3613 | 14668 | 616 | 1571.4 | 4531 | 4337 | 3613 | 14668 | 238 | 698.3 | 3304.3 | 3317.8 | 2848.9 | 10408 | 135.4 | 365.1 | 2946 | 3002.6 | 2650 | 9099.1 | 118 | 343.3 | 2896 | 2952.6 | 2650 | 8959.9 |
| Department of Justice (DOJ) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Law Enforcement Block Grant | 523 | 400 | 400 | 225 | X | 1548 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Byrne Memorial Formula Program | 570 | 845.5 | 650.9 | 659 | X | 2725.4 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Community-Oriented Policing Services (COPS) | 1,000 | 1,050.40 | 983.7 | 756 | 97 | 3887.1 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Justice Assistance Grants | X | X | X | X | 509 | 509 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| DOJ Total | 2093 | 2295.9 | 2034.6 | 1640 | 606 | 8669.5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Health and Human Services (HHS) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bioterrorism Preparedness (State and local capacity) | X | 940 | 940 | 934 | 829 | 3643 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| Bioterrorism Hospital Preparedness | X | 135 | 515 | 515 | 476 | 1641 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X |
| HHS Total | 0 | 1,075 | 1,455 | 1,449 | 1,305 | 5284 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GRAND TOTAL <i>(All amounts in millions)</i> | 2708.5 | 4942.3 | 8020.3 | 7426.4 | 5524 | 28621 | 616 | 1571.4 | 4531 | 4337 | 3613 | 14668 | 238 | 698.3 | 3304.3 | 3317.8 | 2848.9 | 10408 | 135.4 | 365.1 | 2946 | 3002.6 | 2650 | 9099.1 | 118 | 343.3 | 2896 | 2952.6 | 2650 | 8959.9 |
| % INCREASE IN FUNDING FOR EACH YEAR COMPARED TO 2001 | | 82% | 196% | 174% | 104% | | | 155% | 636% | 605% | 487% | | | 193% | 1286% | 1292% | 1095% | | | 170% | 2076% | 2118% | 1857% | | | 191% | 2354% | 2402% | 2146% | |

*** The data on funding is compiled from four sources: 1) Appropriations Laws (both regular and supplemental), 2) President's Budget Request for FY 05, 3) Analysis conducted by the Congressional Research Service, and 4) Documentation from the Department of Homeland Security and the Department of Health and Human Services.

Endnotes:

1. The 2000% increase that is discussed here represents the increase in grant funds from DHS (or its predecessor agencies) specifically to enhance the ability of first responders to prevent, prepare for, and respond to acts of terrorism. The increase is over 2000% when either 2003 or 2004 grant funding is compared to 2001 levels. The complete funding data is presented in Appendix 3, along with a tabulation of percent increases in funding.
2. The \$6.3 billion figure represents the sum of grant funds from DHS (or its predecessor agency) specifically to enhance the ability of first responders to prevent, prepare for, and respond to acts of terrorism from 2002 through 2004. (2002=\$365 million; 2003=\$2.95 billion; 2004=\$3.0 billion). The complete funding data is presented in Appendix 3.
3. The \$5.2 billion in the pipeline represents the sum of grant funds from DHS (or its predecessor agency) specifically to enhance the ability of first responders to prevent, prepare for, and respond to acts of terrorism that has not been drawn down to date by the recipients. This figure includes \$2.2 billion in FY03 SHSGP and UASI funding that has not been drawn down (see Figure 1 and Figure 2 in this report), as well as \$3 billion that was obligated in 2004 by ODP. In fact, the figure may be higher when 2002 funds are considered.
4. As Appendix 3 shows, the FY 2005 Budget Request would allocate a total of \$2.6 billion to the SHSGP and UASI grants.
5. See, among others, references 20-28.
6. The timeline for the dates on which ODP announced and awarded grants was provided by ODP to Committee staff.
7. This data was provided to Committee staff by the State of California.
8. 42 USCS § 3714. The *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001*, Public Law 107-56, October 26, 2001.
9. As Appendix 3 shows, the funding in 2001 that was to be covered by Section 1014 of the Patriot Act was \$97 million. The formula specified by the Patriot Act would have allocated under \$750,000 of these funds to each State.
10. The \$800 million was calculated with the following formula: (\$2.066 billion in FY 2003 SHSGP I and II Funds) X (50 States) X (.75% per state) + (4 Territories) X (.25% per territory) X (\$2.066 billion). The \$15 million was calculated with the following formula: (\$2.066 billion in FY 2003 SHSGP I and II Funds) X (.75% per state)
11. This data was obtained from GAO report HEHS 99-69 and from an analysis of 20 selected formula grant programs that are among the largest formula grant programs administered by the Federal government. Following is a list of the selected grant programs with state minimums and FY 2003 funding:

| Large Formula Grant Programs | State Mini- mums | CFDA estimated FY 2003 funding (millions) |
|---|-----------------------------|--|
| Adoption Assistance | none | \$1,427 |
| Substance Abuse Prevention and Treatment (SAPT) Block Grant | 0.38% | \$1,639 |
| Child Care and Development Fund | none | \$2,100 |
| Community Development Block Grants: State's Non-entitlement Program | none | \$1,296 |
| Workforce Investment Act (WIA) Dislocated Workers | none | \$1,239 |
| Employment Services | 0.28% | \$850 |
| Mass Transit Non-urbanized Area Formula Program | none | \$235 |
| Foster Care -Title IV-E | none | \$4,885 |
| Federal-Aid Highway Planning and Construction Program | 0.50% | \$24,420 |
| Medicaid Medical Assistance Program Title XIX | none | \$144,887 |

| | | |
|---|-------|---------|
| Older Americans Act, Title III: Grants for Supportive Services and Senior Centers, Nutrition Services, and Disease Prevention and Health Promotion Services | 0.50% | \$944 |
| Older Americans Act, Title V: Senior Community Service Employment Program | 0.50% | \$445 |
| Rehabilitation Services - Vocational Rehabilitation Grants to States | 0.33% | \$2,507 |
| Safe and Drug-Free Schools and Communities-State Grants | 0.50% | \$469 |
| Social Services Block Grant | none | \$1,700 |
| Title I Grants to Local Educational Agencies | 0.25% | \$8,602 |
| Workforce Investment Act (WIA) Adult Program | 0.25% | \$950 |
| Workforce Investment Act (WIA) Youth Activities | 0.25% | \$1,001 |
| State Children's Insurance Program (CHIP/SCHIP) | none | \$3,115 |
| HIV Care Formula Grants (Ryan White Program) | none | \$999 |

Also see Tim Randsdell, *Federal Formula Grants and California: Overview*, Public Policy Institute of California, San Francisco, California, December 2002, <http://www.pppic.org/main/publication.asp?=470>.

12. The \$2 million in additional funding was calculated by subtracting the minimum specified by the PATRIOT Act from the amount of grant award for the State that received the least amount of FY 2003 SHSGP funds (Wyoming).
13. Of the grant programs with state minimums in footnote 11, every grant program except the Workforce Investment Act Programs first allocates funds according to meritorious factors and only then “tops-off” those States that have not reached the guaranteed minimum level.
14. This data was provided by Big Horn County, WY, and by Jefferson County, KY.
15. This data was provided to Committee staff by ODP.
16. This data was provided to Committee staff by the City of Seattle.
17. The \$650 million figure was calculated by adding 2003 SHSGP I and II award amounts for the States identified in Appendix 1 that allocate the grants based on formulas that did not account for need or risk (other than population).
18. Allocation data was provided to Committee staff by Jefferson County, KY.
19. State allocation data was provided to Committee staff by the Commonwealth of Massachusetts and the State of Wisconsin.
20. Allocation data was provided to Committee staff by the Commonwealth of Kentucky.
21. This data was provided to Committee staff by an official in the Mason County Sheriff’s Department during a telephone interview.
22. *ibid.*
23. Ed Lowe, “Outagamie Seeks Federal Homeland Security Funds: County Supervisors Criticize Ease to Get Money, Its Use,” *The Post Crescent*, March 15, 2004.
24. This data was provided to Committee staff by an official in the Mason County Sheriff’s Department during a telephone interview.
25. Alice Lipowicz, “Out in the Ozarks, a Police Chief Proudly Hangs a Chem-Bio Suit in His Office,” *CQ Homeland Security, Local Response*, April 13, 2004.

26. Kate O'Beirne, "Introducing Pork-Barrel Homeland Security: A little here, a lot there....," *National Review*, August 11, 2003.
27. Mimi Hall, "Homeland Security Money Doesn't Match Terror Threat: Does Zanesville, Ohio Need to Test for Nerve Agents while NY Struggles for Funds?" *USA Today*, October 29, 2003.
28. Lisa Hoppenjans, "Terror Grants Given to Rural Communities; Questions Arise Over Allocations of Homeland-Security Money to Remote Counties," *Winston-Salem Journal*, December 14, 2003.
29. Alice Lipowicz, "In Small-Town Texas, a Search for a Homeland Mission," *CQ Homeland Security, Local Response*, March 24, 2004. Committee staff notes that the community of Red Oak, Texas, is a short distance from the metropolitan area of Dallas, Texas, and therefore could be called upon to respond to a terrorist event in Dallas. However the justification given by local officials for the purchase of this particular item does not appear to be tied to the potential for such a coordinated regional response.
30. Evan Jones, "Defibrillator," *The Standard Banner*, February 10, 2004, and a follow-up interview by Committee Staff with a Lake County official.
31. *Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction* (The Gilmore Commission), December 15, 2003, p. 5.
32. Homeland Security Presidential Directive/ HSPD 8, December 17, 2003.
33. This data was provided by ODP to Committee staff.
34. *ibid.*
35. *ibid.*
36. This data was provided to Committee staff by the City of Chicago.
37. This data was provided to Committee staff by the County of Fairfax, Virginia.
38. This data was provided to Committee staff by the Commonwealth of Kentucky.
39. This data was provided to Committee staff by the State of Montana.
40. Alice Lipowicz, "The Money Trail: In Pursuit of Homeland Cash, Mayors Have Powerful Friends," *CQ Homeland Security, Local Response*, February 20, 2004.
41. This data was provided to Committee staff by the State of Washington.
42. This information was provided to Committee staff by a North Carolina state official during a telephone interview.
43. This information was provided to Committee staff by an Illinois state official during a telephone interview.
44. This information was provided to Committee staff by a New York state official during a telephone interview.
45. This information was provided to Committee staff by a Virginia state official during a telephone interview.
46. This information was provided to Committee staff by a New Hampshire state official during a telephone interview.
47. This information was provided to Committee staff by a Wisconsin state official during a telephone interview.
48. This information was provided to Committee staff by a Kentucky state official during a telephone interview.
49. *Ibid*

50. This information was provided to Committee staff by a Tennessee state official during a telephone interview.
51. This data was provided to Committee staff by the State of Illinois.
52. This information was provided to Committee staff by a Maine state official during a telephone interview.
53. This information was provided to Committee staff by a Tennessee state official during a telephone interview.
54. This data was provided to Committee staff by the State of Utah.
55. *ibid*