

# WebMemo



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## Congress Should Reassess the Allocation of Homeland Security Grants

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On Friday, July 25, 2008, the Department of Homeland Security (DHS) announced the allocations for the fiscal year (FY) 2008 Urban Areas Security Initiative (UASI) grant program. The purpose of the UASI is to distribute funds to the highest risk urban areas in America. The funds have always been allocated based on risk or the combination of risk and the quality of investment justifications. In light of the announcement, however, it appears the allocation of UASI grants is now based more on political considerations than on real measures of risk. The decision represented a giant step backward in the effort to keep these grants from becoming, as the 9/11 Commission warned, just another example of “pork-barrel” legislation. DHS needs a different ranking system and more transparency in how it determines the final allocation of funds.

**Shady Statistics.** The distribution of FY 2008 grants was almost identical to that of FY 2007. That is a remarkable coincidence. In making allocations, DHS allegedly uses a formula that incorporates a risk score and an investment justification “effectiveness” score. The risk scores constitute two-thirds and the effectiveness scores constitute one-third of the final allocation scores. By calculating the score this way, the odds of identical allocation rankings are very low. Indeed, DHS apparently failed to use either the risk or the effectiveness scores in its 2008 allocation calculations.

The evidence of such failure is clear. For instance, on the risk scores, other than the threat component, it is possible that the remaining factors—such as population, population density, pres-

ence of critical infrastructure, and consequences—would essentially remain static from year to year, thereby resulting in somewhat consistent risk scores. The effectiveness scores, however, are derived by a large group of reviewers analyzing each investment justification and assigning scores. The likelihood that virtually every investment justification received a nearly identical score to the previous year or that any shifts in scoring perfectly offset one another is probabilistically unlikely. Something does not add up.

In analyzing the allocations from FY 2007 and FY 2008, other than four urban areas (New York City; Houston; the Bay Area; and Jersey City/Newark), the remaining 42 urban areas received exactly 3 percent less funding in FY 2008 than they did in FY 2007. This means that rather than using a competitive process involving risk and effectiveness, DHS simply cut 3 percent from each urban area’s homeland security budget. This also means that urban areas wasted considerable time and money putting together investment justifications that had no impact on the allocations they received.

Such a move by DHS represents an enormous retreat from the risk-based funding many have worked so hard to implement.

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/HomelandSecurity/wm2011.cfm](http://www.heritage.org/Research/HomelandSecurity/wm2011.cfm)

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**Wasting Time and Money.** To make matters worse, while DHS continues to hand out grants based on highly suspect criteria, it is also expanding the number of cities eligible for federal largesse. For FY 2008, Congress mandated that DHS use different criteria to define what constitutes an urban area. In turn, DHS expanded the list of eligible urban areas to 60 in FY 2008, adding 14 new urban areas. DHS justified the expansion by arguing that because one urban area fell to the 60th spot in the risk ranking, it did not want any urban area eligible that was eligible for funding in FY 2007 to not be eligible in FY 2008.

This policy will only lead to a continuing expansion of eligible urban areas for the UASI grant program. By adding new urban areas with higher risk scores whenever a formerly eligible urban area falls below the previous year's cut-off lines, DHS will create a ratchet effect where the UASI eligibility list never stops growing.

The increase of eligible urban areas leads to a dilution of finite funds, spreading more money to more cities while accomplishing less. Yet, the number of eligible urban areas has doubled since 2003, from 30 urban areas to 60 today.

This continued swelling of eligible urban areas only guarantees that finite resources will be spread too thinly to have the needed impact in the time desired and in the places where the risk is the highest. Of the 14 new urban areas, not a single one received an allocation greater than any of the urban

areas in FY 2007, yet they collected almost \$26 million total, which could have been used in higher risk urban areas. Historically, urban areas received at least \$4 million each, thus ensuring a meaningful level of work could be accomplished. Not one of the 14 urban areas received \$4 million. In fact, 12 received less than \$2 million each.

**Stop the Fiscal Insanity.** Rather than encouraging DHS to continue to waste grant dollars, Congress should insist that funds be used so as to have the greatest impact on improving the capability of the nation to respond to catastrophic disasters: focusing dollars on where they will have the greatest impact. Subsequently, Congress should:

- Require DHS to use risk and Target Capabilities List capability gaps to allocate funds; and
- Limit the number of urban areas eligible in any given fiscal year for the UASI grant program.

Unless Congress and DHS reverse direction in the management of grants programs, they will become simply another entitlement for the states rather than a real national security instrument—which is so sorely needed.

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