Safety At Any Price:

Assessing the Impact of
Homeland Security Spending in U.S. Cities

Senator Tom Coburn

Member, Homeland Security and Governmental Affairs Committee

December 2012

Dear Taxpayer,

The Oklahoma City bombing in 1995 and the attacks of September 11, 2011 will forever be etched in our collective memory and forever serve as painful reminders that the enemies of freedom are many and our security often comes at a steep price—in dollars, lives and liberty.

We no longer can assume our distant shores from foreign lands or having the greatest military force in the history of the world are enough to protect us. We now live with the reality terrorists are within our midst and they may look, sound and act like us, but they hate everything we are and the values we share.

The balancing act between liberty and security has been tenuous throughout the history of our nation, founded upon basic freedoms granted by our Creator and protected from government infringement within the Bill of Rights of our Constitution. But a new element has been added to this equation over the past decade that threatens to undermine both our liberty and security—excessive government spending and insurmountable debt.

We cannot secure liberty and guarantee security simply by spending more and more money in the name of security. Every dollar misspent in the name of security weakens our already precarious economic condition, indebts us to foreign nations, and shackles the future of our children and grandchildren. Our $16 trillion national debt has become the new red menace not only lurking in our midst, but created and sustained by shortsighted and irresponsible decisions made in Washington.

We can only defend our freedoms by ensuring the dollars we spend on security are done so in a fiscally responsible manner, meet real needs, and respect the very rights we are aiming to preserve and protect.

This report, *Safety at Any Price*, exposes misguided and wasteful spending in one of the largest terror-prevention grant programs at the Department of Homeland Security – the Urban Area Security Initiative (UASI).[1]

We cannot assume that because the UASI program has an important mission and a large budget it is accomplishing its goals, however. Significant evidence suggests that the program is struggling to demonstrate how it is making U.S. cities less vulnerable to attack and more prepared if one were to occur—despite receiving $7.1 billion in federal funding since 2003.

After ten years, a clear danger for the Urban Areas Security Initiative (UASI) grant program is that it would be transformed from a risk-based program targeting security gaps into an entitlement program for states and cities.

My office has conducted a year-long inquiry into the this grant program found that to wide of latitude is given to states and urban areas to determine the projects they will fund, and program parameters defining what constitute allowable expenses are extremely broad.

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[1] UASI is to provide funds for the nation's cities most at risk of a major terror attack.

Congress and DHS failed to establish metrics to measure how funds spent through the UASI program have made us safer or determine the right amount to dedicate to counterterrorism programs to mitigate the threat. While DHS recently established its first National Preparedness Goal, it has yet to develop a robust assessment of the nation's current preparedness capabilities or defined performance metrics to assess the effectiveness of federal expenditures made to date.

If in the days after 9/11 lawmakers were able to cast their gaze forward ten years, I imagine they would be surprised to see how a counter-terrorism initiative aimed at protecting our largest cities has transformed into another parochial grant program. We would have been frustrated to learn that limited federal resources were now subsidizing the purchase of low-priority items like an armored vehicles to protect festivals in rural New Hampshire, procure an underwater robot in Ohio and to pay for first responder attendance at a five-day spa junket that featured a display of tactical prowess in the face of a "zombie apocalypse."

As we mark the tenth anniversary of the creation of the Department of Homeland Security, the time has come for Congress to reconsider DHS's mission and approach to counterterrorism. We must be honest with the American people that we cannot make every community around the country invulnerable to terrorist attacks by writing large checks from Washington, D.C. Not only is this an unrealistic goal, but it also undermines the very purpose of our efforts. By letting every level of government – federal, State and local – do the things each does best, we can secure our cities and our freedoms. Confusing these roles, as we have done with UASI, leads to waste, inefficiency and a false sense of security.

We must rededicate ourselves to ensuring that every dollar the federal government spends on terrorism prevention programs is spent wisely, yielding the largest improvement in security and best return on investment for your tax dollars. Facing a $16 trillion national debt, Congress needs to have a conversation about what we can afford to spend on the Department of Homeland Security's terrorism prevention programs and where to spend it.

The American people recognize and understand the limits we face. They understand that we should never sacrifice all of our freedoms in the name of security. We similarly cannot mortgage our children and grandchildren's future by funding unnecessary and ineffective programs, even including those that have important missions.

Sincerely,

Tom Coburn, M.D.
U.S. Senator

"Cities, then, provide much more than just the backdrop or environment for war and terror. Rather, their buildings, assets, institutions, industries, infrastructures, cultural diversities, and symbolic meanings have long actually themselves been the explicit target for a wide range of deliberate, orchestrated, attacks."[2]
　　　-Steven Graham, Author of *Cities, War and Terrorism*

Introduction

American cities have long been symbols of strength, freedom, progress and ingenuity, representing some of the best our nation has to offer. The threat of an urban terror attack, however, has made many feel less safe than they used to. While most of our cities have never been struck from the weapons of terrorists, we know the possibility is a real one. In 1995, the bombing of the Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma, which killed 168 people and injured more than 800, showed our nation the horrors of a terror attack in a major city. In the years that followed, attempted terrorist attacks like at the Seattle millennial celebration in 1999 were thankfully disrupted by law enforcement authorities. Of course, everything changed when New York City and Washington, D.C. were attacked in 2001. Americans understood that an organized enemy was plotting and attempting spectacular terrorist attacks in American cities.

For the past ten years, Americans have struggled to know just how to respond—including our leaders and elected officials. Sensing that many major cities were not fully prepared for another September 11th style attack, Congress gathered more than 20 agencies into a new Department of Homeland Security (DHS). DHS was tasked with managing several grant programs, including the Urban Area Security Initiative (UASI). UASI was one of several new federal programs aimed at ramping up preparedness and closing security gaps in major cities that were most at-risk.

UASI grants were designed to be start-up investments to help the most vulnerable urban areas enhance both their readiness and response capabilities. Officials in one urban area said it was well known that the grants were "seed money" and "everyone knew [federal] money would not be around forever."[3] Success for the UASI program, therefore, would be defined by it growing less needed, not more. DHS has since spent an estimated $35 billion on its grant programs over the past decade,[4] including $7.144 billion for UASI Urban areas.[5]

After a decade in operation and many billions spent, it is unclear to what extent UASI and other DHS grant program have made our nation's cities safer and more prepared. The question was given added urgency by this year's significant reduction in the program's funding and size.

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[2] Stephen Graham, *Postmortem City: Towards an Urban Geopolitics*, City 8.2, (2004), at 165-196, http://urban.cccb.org/urbanLibrary/htmlDocs/acrossCities_docViewer.asp?gIdioma=A&gDoc=A036-C.html&gPDF=A036-C.pdf.

[3] Staff Interview with San Diego UASI officials, November 22, 2011.

[4] *2012: The State of FEMA, Leaning Forward: Go Big, Go Early, Go Fast, Be Smart*, Federal Emergency Management Agency, http://www.fema.gov/pdf/about/state_of_fema/state_of_fema.pdf.

[5] Based on an analysis of FEMA data by the staff of Sen. Tom Coburn. The 64 urban areas equals the total number of urban areas funded through the Urban Areas Security Initiative since the program started in 2003. This number includes all the Urban Areas in FY 2010, when the program funded 64 cities and New Haven, CT and Fresno, CA, which were only funded in FY 2004.

Having grown rapidly from an early focus on seven major cities to as many as 64 in recent years, budgetary realities trimmed it back to 31 for 2012.

Large and small cities alike have been lobbying to get the funds restored to formerly high levels. This is especially true for cities that saw their funds dry up and aren't traditionally considered the targets of terrorists, like Riverside, California; Bridgeport, Connecticut; Baton Rouge, Louisiana; Toledo, Ohio; Richmond, Virginia; Albany New York; and San Juan, Puerto Rico.

This report examines the UASI grant program, including a detailed review of 15 cities that have received funding through the program. It is intended to assess whether spending on DHS anti-terrorism grants like UASI have made us safer, and whether the taxpayer dollars that have been spent on these programs have yielded an adequate return on investment in terms of improved security.

The results of the investigation find that taxpayer money spent on homeland security grant programs has not always been spent in ways obviously linked to terrorism or preparedness. Importantly, this does not mean money was spent outside the bounds of what was allowed. The decision by officials in Michigan to purchase 13 sno-cone machines and the $45 million that was spent by officials in Cook County, Illinois on a failed video surveillance network have already garnered national attention as examples of dubious spending. Both were defended or promoted by DHS.

Other examples have not received as much attention. Columbus, Ohio recently used a $98,000 UASI grant to purchase an "underwater robot."[6] Local officials explained that it would be used to assist in underwater rescues.

Keene, New Hampshire, with a population just over 23,000 and a police force of 40, set aside UASI funds to buy a BearCat armored vehicle. Despite reporting only a single homicide in the prior two years,[7] the City of Keene told DHS the vehicle was needed to patrol events like its annual pumpkin festival. Tulsa, Oklahoma used UASI funding to harden a county jail and purchase a color printer.[8]

In 2009, Pittsburgh, Pennsylvania purchased for $88,000[9] several "long-range acoustic device," or LRAD, which is mounted on a truck and emits an ear-splitting sound. Local officials used it to disperse G-20 protestors, giving one bystander permanent hearing loss, but which they called "a kinder and gentler way to get people to leave."[10]

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[6] *New Underwater Robot to Better Handle Water-Related Emergencies*, 10TV.com, April 17, 2012, http://www.10tv.com/content/stories/2012/04/16/columbus-new-underwater-robot-to-better-handle-water-related-emergencies.html.
[7] *Keene Police Department: NIBRS Summary Report, November 2011*, City of Keene New Hampshire website, http://www.ci.keene.nh.us/sites/default/files/NIBRS%20%20November%202011.pdf.
[8] Review of 2009 and 2010 Tulsa approved UASI-funded projects.
[9] Communications with officials from the Pennsylvania Emergency Management Agency.
[10] Jerome L. Sherman, *LRAD Lets Police Have Loudest Word*, Pittsburgh Post-Gazette, October 9, 2009, http://old.post-gazette.com/pg/09282/1004162-53.stm#ixzz1qXBayDfR.

Peoria, Arizona spent $90,000 to install bollards and surveillance cameras at the Peoria Sports Complex, which is used for spring training by the San Diego Padres and Seattle Mariners. The Oxnard-Thousand Oaks UASI used $75,000 to also purchase surveillance equipment, alarms and closed-circuit television, which it installed in its Civic Arts Plaza, a local theater and cultural center.

UASI funds were also used for mundane expenses, such as paying the overtime costs of police and firefighters or purchasing new computers for the local emergency planning office. Some urban areas used their awards for local outreach, holding conferences, creating websites and posting videos on how citizens can spot signs of terror in their own neighborhoods. A video sponsored by the Jacksonville UASI alerted its residents to red flags such as people with "average or above average intelligence" or who displayed "increased frequency of prayer or religious behavior."

When asked, FEMA could not explain precisely how the UASI program has closed security gaps or prepared the nation in the event of another attack. In part, FEMA has done very little oversight of the program, allowing cities to spend the money on almost anything they want, as long as it has broad ties to terror prevention. In fact, according to a June 2012 report by the Department of Homeland Security Inspector General, "FEMA did not have a system in place to determine the extent that Homeland Security Grant Program funds enhanced the states' capabilities to prevent, deter, response to, and recover from terrorist attacks, major disasters and other emergencies before awarding more funds to the states."[11] Moreover, the agency failed to issue preparedness goals, intended to shape the use of UASI funds, until last year—nine years after the program was created. Because of this, it is difficult to measure the gains with any specificity.

Any blame for problems in the UASI program, however, also falls on Congress, which is often more preoccupied with the amount of money sent to its cities than with how the money is spent, or whether it was ever needed in the first place. With so few accountability measures in place, there is almost no way to ensure taxpayers are getting value for their money, and more importantly, whether they are safer.

This report is a first step in identifying some of the problems that have developed with the UASI program in its first decade, as Congress and the administration consider reforming DHS grant program. In February 2012, the Department of Homeland Security proposed consolidating 16 homeland security grant programs, including the Urban Areas Security Initiative (UASI), into a single "National Preparedness Grant Program."[12] This proposal, to which the administration would dedicate $1.54 billion, would be a major change in how the department uses federal resources to buy-down risk.[13]

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[11] Department of Homeland Security, *The Federal Emergency Management Agency's Requirements for Reporting Homeland Security Grant Program Achievements*, Office of Inspector General, OIG-12-92, June 2012, http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-92_Jun12.pdf.

[12] U.S. Department of Homeland Security, *FY2013 National Preparedness Grant Program Vision Document*, February 2012, http://www.fema.gov/pdf/government/grant/fy2013_npgp_grant_program_overview.pdf.

[13] U.S. Department of Homeland Security, *FY2013 Budget in Brief*, http://www.dhs.gov/xlibrary/assets/mgmt/dhs-budget-in-brief-fy2013.pdf.

Given our nearly $16 trillion national debt, and the federal government's many competing responsibilities, it is important that Congress carefully consider what we can afford and what investments on anti-terrorism programs will yield the best return on investment in terms of improved security. Before Congress embraces a consolidation plan, and allocates another $35 billion[14] in homeland security grants, it is essential that DHS's address the difficulties it has had to this point implementing the Urban Areas Security Initiative (UASI) and other DHS grant programs.

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[14] The $35 billion allocation also includes $8.3 billion in unspent grant funds.

Scope and Methodology

The purpose of this work was to examine (1) the implementation of the UASI grant program and (2) selected urban areas' use of UASI funding. We reviewed legislation, various DHS and FEMA policy documents and annual UASI grant guidance dating back to fiscal year 2003. We also received briefings from FEMA officials on preparedness grant programs and collected data on award allocations to urban areas from FY2003 to FY2011 from FEMA.[15] To assess how funding was allocated relevant to the results of DHS's risk assessment, we also requested data from FEMA on the risk scores and ranks for each urban area since the UASI program started in 2003, but the agency was only able to provide data for FY2009 through FY2011.

We also solicited other expert opinions on DHS's preparedness programs. Specifically, we met with the DHS Inspector General's office and reviewed their reports on the UASI program. Additionally, we received briefings from GAO and reviewed pertinent GAO reports regarding its assessment of UASI and other preparedness grant programs. For a historical account of the UASI program, we reviewed CRS reports and obtained funding data on pre-9/11 preparedness grants.

To examine UASI grant recipients' use of funding, we selected several urban areas that represent a range of geographical locations, UASI award amounts, and other factors, for further review. We then collected project data and spending plans and spoke with officials from the following UASI-designated areas:

- Arizona: Phoenix and Tucson
- California: Bakersfield, Oxnard, Riverside, Sacramento, and San Diego
- Colorado: Denver
- Indiana: Indianapolis
- Louisiana: Baton Rouge and New Orleans
- Minnesota: Twin Cities (Minneapolis and St. Paul)
- Ohio: Columbus, Cincinnati, Toledo
- Oklahoma: Oklahoma City and Tulsa
- National Capital Region which includes the District of Columbia and parts of Virginia and Maryland

To get a current account of UASI spending, we focused on expenditures from these jurisdictions dating back to the start of the economic downturn in 2008 through 2011.[16] The quality and availability of UASI project and spending data varied with some jurisdictions such as Arizona and Louisiana, which lacked electronic systems to maintain grant records or using disparate administrative and financial systems/processes. At a minimum, we were able to obtain project name, budgeted amount. UASI projects for each jurisdiction were in varying stages of

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[15] FEMA on multiple occasions was very forthcoming on providing information to the staff of Senator Coburn. We appreciate FEMA's cooperation during the oversight project.

[16] We did not include FY2012 as FEMA announced the FY2012 award allocations on February 17, 2012 after we completed our data collection.

execution. Therefore, where appropriate we characterize certain projects as proposed rather than actual spending.

Table 1: Urban areas awarded UASI funding (FY2003 - FY2012)

State	Urban Area	Total Funding	State	Urban Area	Total Funding
Arizona	Phoenix*	$ 93,986,972	Nebraska	Omaha	$ 14,491,387
	Tucson	$ 18,683,800	Nevada	Las Vegas	$ 68,848,448
California	Los Angeles/Long Beach*	$ 643,673,390	New Jersey	Jersey City/Newark*	$ 300,156,585
	Bay Area*	$ 359,477,365	New York	New York City*	$ 1,412,976,672
	Anaheim/Santa Ana*	$ 123,381,627		Buffalo	$ 53,086,392
	San Diego*	$ 134,155,586		Albany	$ 11,505,437
	Sacramento	$ 44,466,673		Rochester	$ 6,088,401
	Riverside	$ 19,037,430		Syracuse	$ 4,480,775
	Fresno	$ 7,034,646	North Carolina	Charlotte	$ 45,504,372
	Oxnard	$ 5,010,575	Ohio	Cincinnati	$ 54,954,405
	Bakersfield	$ 1,014,919		Cleveland	$ 53,028,391
Colorado	Denver*	$ 74,340,365		Columbus	$ 38,341,874
Connecticut	New Haven	$ 9,576,127		Toledo	$ 15,001,406
	Bridgeport	$ 7,586,711	Oklahoma	Oklahoma City	$ 27,898,181
	Hartford	$ 7,496,093		Tulsa	$ 4,324,990
District of Columbia	includes D.C., northern Virginia, and southern Maryland	$ 568,170,455	Oregon	Portland*	$ 71,616,656
Florida	Miami*	$ 125,156,008	Pennsylvania	Philadelphia*	$ 196,573,706
	Tampa*	$ 72,225,761		Pittsburgh	$ 64,182,796
	Orlando	$ 44,502,824	Puerto Rico	San Juan	$ 8,244,625
	Jacksonville	$ 38,486,193	Rhode Island	Providence	$ 19,713,600
	Fort Lauderdale	$ 35,073,118	Tennessee	Memphis	$ 37,657,957
Georgia	Atlanta	$ 113,621,173		Nashville	$ 7,464,465
Hawaii	Honolulu	$ 37,760,254	Texas	Houston*	$ 297,058,700
Illinois	Chicago*	$ 477,545,452		Dallas/Fort Worth/Arlington*	$ 186,037,001
Indiana	Indianapolis	$ 50,774,706		San Antonio	$ 43,704,100
Kentucky	Louisville	$ 28,283,657		El Paso	$ 22,284,800
Louisiana	New Orleans	$ 48,136,980		Austin	$ 7,677,090
	Baton Rouge	$ 23,855,825	Utah	Salt Lake City	$ 7,639,328
Maryland	Baltimore*	$ 105,175,441	Virginia	Norfolk	$ 35,664,670
Massachusetts	Boston*	$ 173,318,428		Richmond	$ 13,571,883
Michigan	Detroit*	$ 132,614,497	Washington	Seattle*	$ 122,359,743
Minnesota	Twin Cities	$ 72,627,913	Wisconsin	Milwaukee	$ 42,454,520
Missouri	Kansas City	$ 73,480,688			
	St. Louis*	$ 81,001,590			

* urban area received funding each fiscal year since the UASI program started in 2003.

Part I: Background on the UASI Program

Following the attack on the World Trade Center in 1993 and the Oklahoma City bombing in 1995, the federal government began providing counter-terrorism grants to states and localities to help first responders prepare for, prevent, and respond to terrorist attacks and other disasters.[17] Congress first provided funds in 1996; however, funding increased significantly in the aftermath of the September 11, 2001 attacks.

Before September 11, 2001, there were three federal grant programs available to states and localities for homeland security (see chart below).[18] These were run by FEMA, the Department of Justice, and the Department of Health and Human Services, and were largely uncoordinated. Comparisons of federal anti-terror grant programs before and after 9/11, however imprecise, show that post-9/11 spending levels dwarf what was available in the three pre-9/11 programs. Table 2 provides the combined funding for the three previous programs was a mere fraction of the funding now awarded under the Department of Homeland Security's (DHS) assortment of homeland security grants. The three-year total awarded through these predecessor programs is nearly three times less than the amount awarded under the FY2006 DHS' Homeland Security Grant Program.[19]

Table 2: Funding levels for pre-9/11 grant programs (in millions)

Grant Program	Federal Agency	FY 1999	FY2000	FY2001
State Domestic Preparedness Grants	Department of Justice	$125.5	$75	$137.4
Emergency Management Performance Grant	FEMA	-	$137.4	$137.4
Metropolitan Medical Response System	Health and Human Services	$3.5	$16.5	$17.4
Total		$129	$229	$292.2

Source: data provided by Congressional Research Service.

In 2002, Congress passed legislation creating the Department of Homeland Security (DHS).[20] When DHS was formerly stood up in March 2003, all terror-prevention grants moved to the new agency. Since 2003, DHS has awarded $35 billion[21] in grants through as many as 17 programs designed to provide assistance to state, local, territory, and tribal governments to

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[17] Shawn Reese, *Department of Homeland Security Assistance to States and Localities: A Summary and Issues for the 111th Congress*, R40246, Congressional Research Service, April 30, 2010, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA519564.

[18] William L. Painter, *Issues in Homeland Security Policy for the 112th Congress*, R42025, Congressional Research Service, September 22, 2011, http://www.fas.org/sgp/crs/homesec/R42025.pdf.

[19] Steven Maguire and Shawn Reese, *Department of Homeland Security Grants to State and Local Governments: FY2003 to FY2006*, RL33770, Congressional Research Service, December 22, 2006, http://www.fas.org/sgp/crs/homesec/RL33770.pdf at 3. According to CRS, the three year total for pre 9-11 grants was $650.2 million and the FY2006 DHS Homeland Security Grant program budget was $1.85 billion.

[20] To establish the Department of Homeland Security and for other purposes, Public Law, 107-296, 116 STAT. 2135, November 25, 2002, http://www.dhs.gov/xlibrary/assets/hr_5005_enr.pdf.

[21] *2012: The State of FEMA, Leaning Forward: Go Big, Go Early, Go Fast, Be Smart*, Federal Emergency Management Agency, http://www.fema.gov/pdf/about/state_of_fema/state_of_fema.pdf .

enhance preparedness against terrorism and other disasters.[22] The Urban Area Security Initiative (UASI) program is DHS's second largest preparedness grant program.

Table 3: Annual Urban Area Security Initiative Funding (fiscal years, dollars in millions)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
$596.3	$671	$854.6	$710	$746.9	$781.6	$798.6	$832.5	$662.6	$490.3

Source: Data provided by FEMA.

The Purpose of the UASI Program

Shortly after the program was created, former DHS Secretary Tom Ridge gave a concise summary of why UASI was needed to combat terror. In what would become an oft-repeated description of the program, he emphasized the importance of making "measurable" security gains in "critical" cities as part of a larger plan for securing the nation.

> "[W]e know that to defend the homeland, we must start by defending the hometown. We must defend our cities across America. And the mission, the purpose of the Urban Areas Security Initiative is to build a sustainable and measurable increase in the capability of these critical urban areas so we can defend them."[23]

From the beginning, UASI funds have been intended to help cities prevent and respond to terror attacks. This is clear in the guidance issued annually by DHS to grantees, which explains that the program "assists them in building an enhanced and sustainable capacity to prevent, protect against, mitigate, respond to, and recover from acts of terrorism."[24]

When Congress first established the UASI program in 2003, it also echoed the importance of the program's terror-related mission, as explained in a report by the Senate Appropriations Committee:

> The Committee recognizes that certain densely-populated urban areas may be particular targets of terrorists. Supplemental funding of $100,000,000 is made available to meet the protection or preparedness needs of these high-threat urban areas, as determined by the Secretary of Homeland Security.[25]

The Committee further directed DHS to consult with the U.S. intelligence community and state and local law enforcement to determine which urban areas faced the highest threat based on

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[22] Shawn Reese, *Department of Homeland Security Assistance to States and Localities: A Summary and Issues for the 111th Congress*, R40246, Congressional Research Service, April 30, 2010, http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA519564.

[23] Secretary of Homeland Security Tom Ridge, Remarks at the Urban Area Security Initiative Conference, Milwaukee, WI, September 13, 2004.

[24] Department of Homeland Security, *FY2012 Homeland Security Grant Program (HSGP), Funding Opportunity Announcement (FOA)*, February 17, 2012, http://www.fema.gov/pdf/government/grant/2012/fy12_hsgp_foa.pdf.

[25] United States Senate, Committee on Appropriations, Making Supplemental Appropriations to Support Department of Defense Operations in Iraq, Department of Homeland Security, and Related Efforts for the Fiscal Year Ending September 30, 2003, and For Other Purposes, 108 Congress., 1st Session, 108-33, April 1, 2003, http://www.gpo.gov/fdsys/pkg/CRPT-108srpt33/pdf/CRPT-108srpt33.pdf at 23-24.

threat intelligence and specific vulnerabilities. The Department of Homeland Security is responsible for developing a risk formula which ranks all applicants and assigns each one a score to show relative risk. In addition, the Committee required that DHS provide Congress "a detailed discussion of the relationship between the distribution of funds and the assessed threats, vulnerabilities, and risks."[26]

Under UASI, DHS distributes grants to selected high-risk urban areas that may use the funds for a wide number of allowable expenses, including equipment, training and planning. GAO explains how the funds are meant to ripple outward, benefiting whole regions:

> The UASI grant program is designed to distribute federal funding to an urban region composed of multiple local governments and first responder agencies rather than a single city. The purpose of the UASI program is to support regional collaboration among local jurisdictions and emergency response organizations.[27]

Urban areas have traditionally received UASI awards that vary in size, depending on their "tier" level. They are placed in one of two tiers depending on their relative risk,[28] with higher risk cities grouped in Tier I and lower risk cities in Tier II. For many years there have been 10 cities in the top tier, which have been given a majority of the funds. Tier II cities have received a portion of the remainder. In 2011, for example, overall funding for the program was reduced, but to ensure Tier I cities were not significantly cut they were awarded more than 80 percent of available funds.[29]

As the chart below shows, funding over the first ten years of the UASI program has flowed to 32 states, with the highest amounts going to New York and California respectively. That much of the UASI grants have been awarded to major urban centers appears to be consistent with Congress's intent—focusing on high-risk, high-threat urban areas to improve preparedness and regional capabilities. It was a recommendation of the 9/11 Commission, released in July 2004, that "homeland security assistance should be based strictly on an assessment of risks and vulnerabilities."[30]

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[26] *Making Supplemental Appropriations to Support Department Of Defense Operations In Iraq, Department Of Homeland Security, And Related Efforts For The Fiscal Year Ending September 30, 2003, And For Other Purposes*, Senate Report 108-33, April 1, 2003, http://www.gpo.gov/fdsys/pkg/CRPT-108srpt33/pdf/CRPT-108srpt33.pdf.
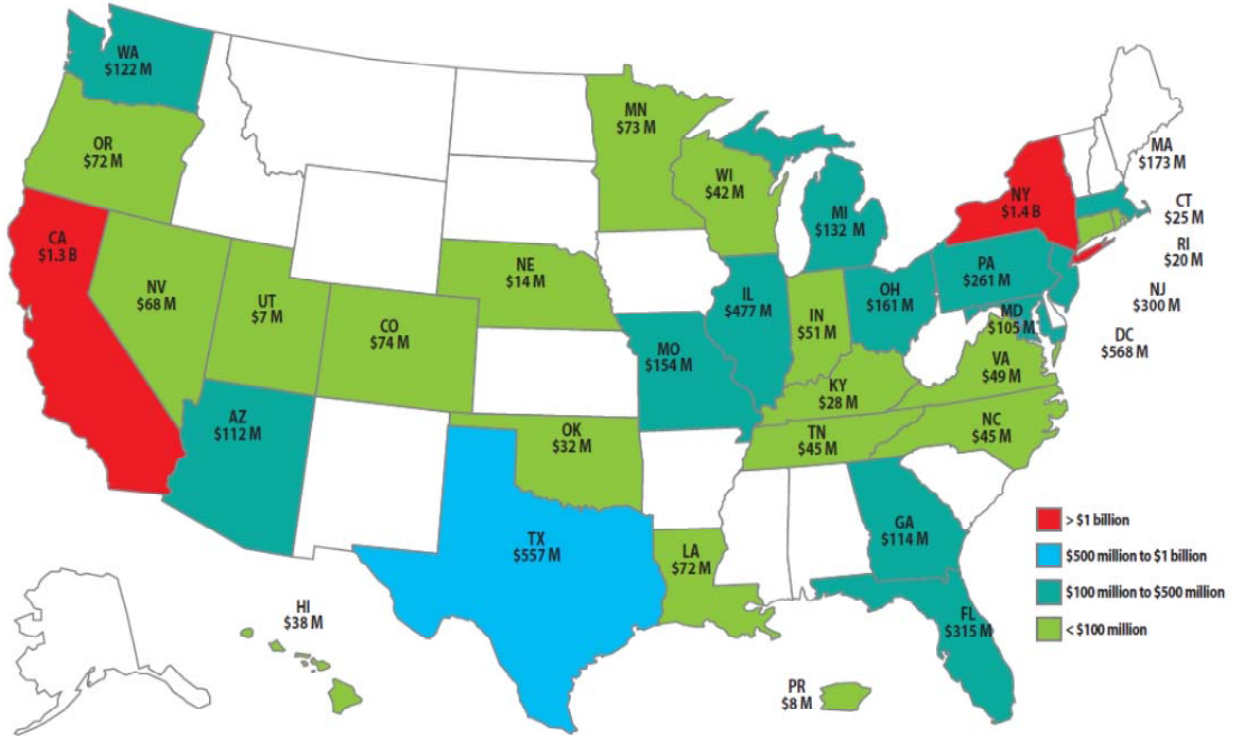
[27] *Urban Area Security Initiative: FEMA Lacks Measures to Assess How Regional Collaboration Efforts Build Preparedness Capabilities*, United States Government Accountability Office, July 2009, http://www.gao.gov/new.items/d09651.pdf.

[28] For FY2012 FEMA announced that "[e]ligible Urban Areas will no longer be grouped into Tier I and Tier II based on their relative risk." DHS, *FY 2012 Homeland Security Grant Program (HSGP) Fact Sheet*, http://www.fema.gov/pdf/government/grant/2012/fy12_hsgp_factsheet.pdf.

[29] Based on an analysis of FEMA data by staff of Sen. Tom Coburn

[30] *The 9/11 Commission Report*, at 396, http://govinfo.library.unt.edu/911/report/911Report_Ch12.pdf.

Figure 1: UASI funding (FY2003 - FY2012), in millions

Source: Data provided by FEMA.
Note: Funding levels for individual urban areas is provided in Table 1.

Part 2: The Politics of Risk

This nation will never be able to eliminate entirely the threat of terrorist attacks. No matter how diligent our intelligence agencies are in collecting threat information, it is nonetheless imperfect. Dealing with the risk of attack requires understanding our limitations and focusing on the best things we do to prevent one—a concept referred to often as "buying down risk." For programs like UASI that means establishing a framework for conducting a risk analysis and allocating resources where they are most likely to make the biggest difference.

Unfortunately, DHS and Congress have often let politics interfere, diluting any results. Instead of sending funds where they can have the biggest impact, money is spread around to parochial political interests. This ensures fewer complaints and broad political support, but does not necessarily mean we are safer.

The UASI program was designed to use risk analysis to prioritize spending—directing resources to the urban areas that were most at-risk of a terrorist attack. According to DHS, the agency conducts a rigorous annual review of the nation's urban areas to decide which ones qualify as the most at-risk. On that basis, it then makes awards. However, an examination of the last 10 years of the program raises questions about the role of political influence, lobbying and pork barrel spending in deciding where homeland security dollars have been spent.

Number of Urban Areas Expands Rapidly

The UASI program has expanded rapidly since it was created, with the number of urban areas growing more than nine-fold as measured from its origins to its peak.[31] In its pre-9/11 form, seven urban areas were funded—all of which continued to receive funding under the current UASI program.[32]

Political factors created upward pressure on the program as more and more cities wanted to receive funding. In 2004, then-DHS Secretary Tom Ridge admitted as much to Congress. He explained in a Senate hearing how the political factors were as important – possibly more important – as any risk formula in choosing which urban areas gets funded. At the end of a line of questioning regarding allotments for Tier 1 cities, Ridge said that he was looking for a formula that gets, "218 votes in the House or 51 votes in the Senate, in order to get it done."[33]

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[31] At 31, the number of urban areas included is still more than four-times more than the original list of 7.

[32] UASI is an extension of the Nunn-Lugar-Domenici Domestic Preparedness Program. In an email from FEMA dated October 27, 2011, officials identified the seven original urban areas as: Bay area, Los Angeles and Long Beach in California; National Capital Region (which includes the District of Columbia and parts of Virginia and Maryland); Chicago, IL; New York City; Houston, Texas; and Seattle, Washington.

[33] Secretary of Homeland Security Tom Ridge, *Department of Homeland Security Oversight: Terrorism and Other Topics Federal*, Hearing Transcript of Judiciary Committee, U.S. Senate, June 9, 2004, http://www.gpo.gov/fdsys/pkg/CHRG-108shrg22802/pdf/CHRG-108shrg22802.pdf.

The program grew rapidly during the early years came in 2006 and the number of urban areas receiving funding reached 46. [34] When DHS announced its 2006 UASI grants, Secretary Michael Chertoff explained, however, that risk continued to be central to the program:

> The department is investing federal funding into our communities facing the greatest risk and demonstrating the greatest need in order to receive the highest return in our nation's security. Our nation's preparedness and the support of our emergency responders on the frontlines of the war against terrorism must be a shared effort. We will continue to champion funding on the basis of risk and need, and we urge Congress to do the same to ensure that our finite resources are allocated and prioritized successfully. [35]

By 2010, the program grew to 64 funded urban areas, which was the highest it reached before budget realities forced the program to scale back. However, over the life of the UASI grant program, a total of 66 urban areas have received funding.

Local Officials and Members of Congress Request Funding for their Communities

Increases in both the program's budget and the number of urban areas that were awarded UASI grants coincided with vigorous efforts by many cities and states to become eligible for the program. Immediately after the first UASI grant awards were made, elected officials representing states and communities that did not receive grants challenged DHS to explain why their cities were not at sufficient risk to receive UASI funding. For example, in April 2003, the entire Massachusetts Congressional delegation sent a letter to then Homeland Security Director Tom Ridge requesting information about why Boston was not one of the cities to receive funding under the UASI program.[36] State officials subsequently met with the Bush administration and reported making a "major pitch for additional funding for Boston."[37]

Lawmakers annually request that the states and communities they represent receive UASI funding, pointing to reasons why their urban areas are exposed to a higher risk and, therefore, merit federal funding. Describing it as "a mistake," on May 19, 2011, Rhode Island's congressional delegation sent a letter to DHS Secretary Napolitano objecting to the Department's decision to end UASI funding for the Providence metro area saying that Rhode Island is home to 1 million residents and is at greater risk of a terrorist attack because of its proximity to Boston and New York.[38] Again, on October 27, 2011, a bipartisan group of nine members of Congress from South Florida wrote a letter to DHS expressing "strong support" for including the Miami/Ft. Lauderdale urban area, citing "significant vulnerability, with implications for the entire nation

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[34] Based on an analysis of FEMA data by the staff of Sen. Tom Coburn. In FY2006 and FY2007, the number of urban areas funded under UASI had peaked to 46 jurisdictions.

[35] Secretary Michael Chertoff, *DHS Introduces Risk-Based Formula for Urban Areas Security Initiative Grants*, January 3, 2006, http://search.proquest.com/docview/192383341?accountid=45340.

[36] Noelle Straub, *Romney talks policy with Bush staffers, Mass. Delegation*, Boston Herald, April 11, 2003.

[37] Noelle Straub, *Romney talks policy with Bush staffers, Mass. Delegation*, Boston Herald, April 11, 2003.

[38] The Office of Rhode Island Senator Jack Reed, *RI Congressional Delegation Urges DHS to Reconsider Cutting Providence from Anti-Terror Funding List*, May 19, 2011,

that necessitates" Tier 1 funding.[39] On March 9, 2012, House Minority Leader Nancy Pelosi sent a letter to Secretary Napolitano expressing her "strong concern" over DHS's decision to reduce UASI funding for the San Francisco Bay Area by 38 percent.[40]

Congressional interest in the grant program became so strong lawmakers set up a UASI political caucus "to protect federal investments made in UASI communities." The role of the caucus is be to "highlight the benefits and contributions of UASI and work with similarly situated communities across the Country."[41]

Interviews with more than a dozen state homeland security officials revealed that the urban areas themselves recognized the stiff competition to receive UASI funding, which one interviewee described as "winning the lottery."[42] These officials attempted to influence DHS's risk analysis and UASI funding distribution by highlighting the specific threats and vulnerabilities that their communities faced.[43]

Often, those lobbying for large awards cited unlikely worst-case scenarios to inflate the threats they face. Legislators and some in the responder community from smaller cities argued that funds should be disbursed not only to obvious targets like New York City, but also to smaller locations. Some argued that since "terrorist attacks tend to start in smaller locales" and sometimes remote U.S. towns, these areas also need homeland security grants to help protect their communities.[44]

This argument was made by officials from the Oxnard/Thousand Oaks area in California. Arguing against legislation offered by several lawmakers to limit the number of UASI-funded urban areas to 25, officials from the Oxnard/Thousand Oaks UASI asserted that "since most terrorists do not live or plan their attacks in the same city that is being targeted, [eliminating funding] may actually decrease the protection of other [.......] Urban Areas."[45]

The Oxnard/Thousand Oaks urban area was among several towns and cities in Ventura County, California that together were declared a new urban area in 2009 and was awarded a grant of $2.5 million. The Oxnard/Thousand Oaks UASI is situated just north of Los Angeles, the second most heavily funded urban area after New York. Local officials were pleased to see Oxnard/Thousand Oaks obtain the UASI designation. Ventura County Sheriff Geoff Dean held a UASI-funded terrorism conference in 2011, and said, "We like to pretend [terrorism] doesn't

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[39] Letter to Secretary Napolitano and Administrator Fugate, Nine Members of the Florida House Delegation, October 27, 2011, http://alceehastings.house.gov/index.php?option=com_content&task=view&id=1007&Itemid=138.

[40] Democratic Leader Nancy Pelosi, *Pelosi to Napolitano: Bay Area Deserves Fair Share of Disaster Preparedness Funds*, March 9, 2012, http://pelosi.house.gov/news/press-releases/2012/03/pelosi-to-napolitano-bay-area-deserves-fair-share-of-disaster-preparedness-funds.shtml.

[41] The Office of Congressman Brian Higgins, *Rep. Higgins forms House Urban Areas Security Initiative (UASI) Caucus*, December 14, 2011, http://higgins.house.gov/2011/12/rep-higgins-forms-house-urban-area-security-initiative-uasi-caucus.shtml.

[42] Staff Interview, October 31, 2011.

[43] Staff interview with Oxnard and Bakersfield UASI.

[44] Staff interview with officials from the Bakersfield UASI, November 29, 2011.

[45] Oxnard/Thousand Oaks UASI proposed alternatives to H.R. 1555 that seeks to limit the number of UASI-funded areas to 25.

happen. We live in safe communities, but the threat is present all the time."[46] When the Oxnard-Thousand Oaks urban area was first added, however, an official with the governor's office was quick to reassure residents of those communities that while the criteria for inclusion can vary, "it doesn't mean they've received new information that there is an actual terrorist threat."[47]

In the years that followed, Oxnard-Thousand Oaks spent money it received on a variety of projects, but several of them raise questions about whether the money was truly needed for terrorism prevention. Most recently the city of Thousand Oaks was looking to use as much as $25,000 for a fence including Jersey barriers[48] for the Oxnard Police Department, $75,000 in UASI funds for security upgrades such as alarms and closed-circuit TV for its Civic Arts Plaza,[49] a cultural center and theatre that also houses the city council chamber.[50] To justify the expenditure, city documents noted that "minor security incidents have periodically occurred" and pointed to the findings of a UASI-funded local assessment team that identified the facility as a critical infrastructure site.[51] Past awards have been used by the area for training and equipment for the police and fire dive teams including money for "fins, masks, snorkels, weight belts."[52]

Tell them what they want to hear, and you stand a chance of getting a better score. Fear has always been a motivating factor in getting the government to spend its money.

- Where's the Money? An Introduction to Grants, Lawofficer.com

But even as grantees have warned about the severe consequences of a terrorist attack, crime risks are at the same time commonly downplayed when promoting an urban area for business and economic development. Thousand Oaks saw its 2011 crime rate drop to a near-historic low, prompting police captain Bill Ayub to note, "Our violent crimes are historically very low, which, of course, is a continuing source of pride and pleasure."[53]

Another California official explained how funding allocations can be manipulated to make urban areas appear to have more risk than they really do. When asked to explain the risks to

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[46] Kallas, Anne, *Hundreds Attend Oxnard Counterterrorism Seminar*, Ventura County Star, January 22, 2011, http://www.vcstar.com/news/2011/jan/22/hundreds-attend-oxnard-counterterrorism-seminar/?print=1.

[47] Bakalis, Anna, *County to get $2.5 Million for Terror Fight*, Ventura County Star, November 28, 2008, http://www.vcstar.com/news/2008/nov/28/county-to-get-25-million-for-terror-fight/#ixzz1ox2TbO00.

[48] Information provided by the Oxnard UASI.

[49] 3/6/2012 memorandum from John F. Adams to Scott Mitnick, *Civic Arts Plaza Security Upgrades (CI 5144) – Authorization for Solicitation of Bids*, http://www.toaks.org/civica/filebank/blobdload.asp?BlobID=22474.

[50] City of Thousand Oaks website, *About the Thousand Oaks Civic Arts Plaza*, http://www.toaks.org/cap/info/about/default.asp.

[51] 3/6/2012 memorandum from John F. Adams to Scott Mitnick, *Civic Arts Plaza Security Upgrades (CI 5144) – Authorization for Solicitation of Bids*, http://www.toaks.org/civica/filebank/blobdload.asp?BlobID=22474.

[52] Information about the diving equipment was obtained from the Oxnard UASI: Memo by Assistant Fire Chief Brad Windsor and Interim Fire Chief Michael O'Malia, "Supplemental Award from Urban Area Security Initatitive in the Amount of $134,000, February 23, 2012, City of Oxnard, Ca, http://oxnard.granicus.com/MetaViewer.php?meta_id=108969&view=&showpdf=1

[53] Michelle Knight, *T.O. Crime Rate Toppled 12 Percent in 2011*, Thousand Oaks Acorn, February 2, 2012, http://www.toacorn.com/news/2012-02-02/Front_Page/TO_crime_rate_toppled_12_percent_in_2011.html.

Sacramento, considered by many to be a safe place to live and work, Mike Dayton, Acting Secretary of California Emergency Management Agency told a reporter "We're always looking for creative ways to calculate risk" in order to "to get the risk score as high as we can to get the funding."[54] Interviews revealed this view to be widely shared, which can present DHS with challenges in both getting the best information and deciding which jurisdictions should be federal priorities.

In fact, influencing the DHS grant process is a topic so openly discussed in some quarters there is no attempt to disguise what is going on. For example, a law enforcement website, lawofficer.com, offers a how-to guide, *Tapping Into Federal Funds*, advising public safety officials to amplify the frightening "what ifs" in their request for funds by pointing out "the worst case scenario...that the project for which you're seeking funds would help your agency prevent or respond to."[55] That is, "what if a pipe bomb were found on a city bus?"[56] As one Nevada public safety consultant, Mark Pallans, put it, "The most important thing to remember when writing a grant: Don't write the grant telling them what you want. Tell them what they want to hear, and you stand a chance of getting a better score."[57] The publication also noted that since job creation is a high priority for the Administration, grant applications should also mention how their project would create jobs in order to increase the odds of getting their project approved. Only, terror prevention and job creation are not the same goal.

The demands by some small jurisdictions to spread homeland security grant funds around stand in contrast to the fact that, notwithstanding the terror attack in 2001, the number of terrorist attacks on U.S. soil have decreased over the past 40 years.[58] In a study commissioned by DHS's Science and Technology Directorate, researchers found that the vast majority of U.S. counties have not experienced any terrorist "attacks" between 1970 and 2008.[59] The report took a broad look at the issue, defining terror "attacks" as any type of threat from non-state actors. By taking this very expansive look, the report cast a wide net on the threats this country has historically faced, and where those threats were targeted. Two percent of the 3,143 counties in the U.S. were identified as hot spots for terror-related threats with only "Manhattan and Los Angeles remaining as hot spots of activity across each decade." [60]

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[54] Anthony Pignataro, *Times are lean, but there's always money for counterterrorism toys*, Sacramento News and Review, February 24, 2011, http://www.newsreview.com/sacramento/content?oid=1927451.

[55] Keri Losavio, *Where's the Money: An Introduction to Grants*, Law Office, March 2010, http://www.lawofficer.com/article/leadership/wheres-money.

[56] Keri Losavio, *Where's the Money: An Introduction to Grants*, Law Office, March 2010, http://www.lawofficer.com/article/leadership/wheres-money.

[57] Keri Losavio, *Where's the Money: An Introduction to Grants*, Law Office, March 2010, http://www.lawofficer.com/article/leadership/wheres-money.

[58] Gary LaFree and Bianca Bersani. *Hot Spots of Terrorism and Other Crimes in the United States, 1970 to 2008*, Final Report to Human Factors/Behavioral Sciences Division, Science and Technology Directorate, U.S. Department of Homeland Security. College Park, MD: START, 2012.

[59] Researchers defined terrorism as *the threatened or actual use of illegal force, directed against civilian targets, by non-state actors, in order to attain a political, economic, religious or social goal, through fear, coercion or intimidation.* Terrorist acts were categorized as (1) extreme right-wing, (2) extreme left-wing, (3) religious, (4) ethno-nationalist/separatist, or (5) single issue such as anti-abortion, anti-nuclear, among other categories.

[60] The START report had a wide range of findings including that Maricopa County, AZ, had recently "emerged as a hot spot" of terrorist threats and King County, WA, experienced high rates of terrorism in the 1970s and 1980s only.

Of course, the fact that terrorist incidents have been decreasing over the past four decades, by itself, does not indicate that the threat of terrorist attacks is similarly decreasing. The absence of terrorist attacks may also be a credit to successful intelligence and law enforcement preventing and disrupting potential plots. But a review of the successful efforts to disrupt terrorist attacks find that it is largely due to the efforts of federal law enforcement and intelligence agencies.[61]

Questions Arise Regarding Methodology

Critics began questioning the growing number of urban areas and contested the department's decision to fund urban areas that were seemingly lower-risk than several major urban centers. In any given year, areas such as New York City, Los Angeles, and Washington, D.C. rank among the most at-risk areas. Yet, DHS has also awarded grants to seemingly less risky places such as Oxnard, California and Tulsa, Oklahoma. Both locations were new additions in 2009 when the UASI program increased to 62 jurisdictions.[62]

Those who supported expanding the reach of UASI pointed to terror attacks in recent years that originated in places otherwise seen as low-risk. For example, the July 1, 2009 shooting at a Little Rock, Arkansas recruiting station that killed Private William Long and wounded Private Quinton Ezeagwula showed that even after 9/11, terror can strike anywhere.

The most heated battle over expanding the program, however, occurred years earlier in 2006 when the program reached 46 UASI cities. At issue was that many of the Tier I cities faced cuts as high as 40 percent from the year before, while smaller cities were increased. During a June 21, 2006 House Homeland Security Committee hearing, New York City Mayor Michael Bloomberg argued that the UASI program was being transformed into a typical "pork barrel" program with funds not allocated based on risk:

> In response to our arguments, the UASI program was established in fiscal year 2003. It has always been intended for high threat cities. New York City and Washington, D.C. were originally on a list of just seven such high-risk cities. But in typical fashion, that number subsequently ballooned to 50, and, in this fiscal year, stands at 46. Is this the spirit of high-threat allocation? No. Instead, it makes the program the exact kind of political pork barrel it was specifically designed to avoid, contributing to the preposterous underfunding of homeland security in New York City for the current fiscal year.[63]

Federal officials remained unconvinced by the New York Mayor's arguments. By FY 2008, the number of UASI grants allocated increased to over 60 jurisdictions, including smaller cities, such

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[61] Jessica Zuckerman, *Forty-Fifth Attempted Terrorist Plot: U.S. Must Resist Complacency*, The Heritage Foundation, February 17, 2012, http://www.heritage.org/research/reports/2012/02/terrorist-attack-45th-attempted-terrorist-plot-against-united-states.

[62] Tulsa, Oklahoma and Oxnard, California has been dropped from the DHS UASI list.

[63] *Department of Homeland Security Preparedness Grants: Risk Based or Guess Work?* Committee on Homeland Security, U.S. House of Representatives, June 21, 2006, http://www.gpo.gov/fdsys/pkg/CHRG-109hhrg33785/html/CHRG-109hhrg33785.htm.

as Louisville, Kentucky; Bridgeport, Connecticut; and San Juan, Puerto Rico during a year when Congress increase the funding by only five percent.[64]

The decision to expand the awards between FY2003 to FY2008 from seven to 60 urban areas raises questions about whether UASI was rigidly focused on *genuine* national priorities or became diluted to help address mere *possible* threats in small cities.[65] The increase from 46 to 60 urban areas receiving grants represented a one-year increase of nearly a third.[66] With the exception of Houston, New York and San Francisco, DHS applied a three percent automatic reduction to all the remaining urban areas that had received funds the year before.[67] Lowering award levels through an across-the-board reduction freed up enough funds to add 14 more jurisdictions to the program.[68] Yet, because the program was supposed to make award decisions using a complex risk formula, such maneuvers cast some doubt on its reliability. That nearly all of the cities were given an identical cut would normally mean that there was no relative change in risk from one year to the next in any of them, except for the three named cities.

The real reason DHS expanded the UASI awards to include 60 urban areas by FY2008 is by no means clear. FEMA officials explained only that the 14 new locations were added at the discretion of then-DHS Secretary Michael Chertoff consistent with the agency's legislative authority. DHS says that funds were allocated based on risk and the expected effectiveness of the grantees.

A fuller explanation of the reasoning for including 14 new jurisdictions in FY2008 was not given, however, and the risk scores for the FY2004-FY2008 DHS uses to award funds is neither public nor was it made available to staff upon request.[69] DHS explained that the data was not in the agency's possession, but was held by a third-party contractor. As such, it is impossible to know whether there was any change in the relative risk scores or how the effectiveness of the grants was measured.

Based on publicly available information, there did not appear to be any significant increase in the terrorism threat posed to cities such as Louisville, Kentucky; Omaha, Nebraska and San Juan, Puerto Rico between 2007 and 2008. One possible reason the program was expanded to include more cities was that DHS did not want to deny funding to a city that had received funding the year before. DHS Secretary Chertoff stressed that "no cities on the 2007 list dropped off" when announcing DHS grant awards in 2008. [70]

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[64] Based on an FEMA data analysis by the staff of Sen. Tom Coburn.
[65] FEMA briefing with Sen. Coburn staff, October 26, 2011. The 7 urban areas were the number of areas covered pre-2003 Emergency Supplemental Act.
[66] FEMA briefing with Sen. Coburn staff, October 26, 2011.
[67] Based on an FEMA data analysis by the staff of Sen. Tom Coburn.
[68] FEMA briefing with Sen. Coburn staff, October 26, 2011.
[69] Urban area risk scores were made available for 2009-2011. Despite the request, FEMA did not made the risk scores available for FY 2003-2008.
[70] Remarks by Homeland Security Secretary Michael Chertoff, *Fiscal year 2008 Homeland Security Grant Program Awards*, Washington, DC, July 25, 2008, http://www.hsdl.org/?view&did=236274.

When factors other than risk determined the award of UASI funds, DHS is straying from Congress's legislative intent, since less funding was then available to the highest-risk, highest-threat communities.

Recent Budget Reductions Result in Fewer Urban Areas Receiving Funding

Since the program was created, the number of awards to lower risk urban areas in UASI has been more closely linked to the size of the program's budget. As the budget grew steadily larger, the number of urban areas receiving funding grew from 29 to 64. The trend was reversed, however, in the last two fiscal years when budgets shrunk.

Due to budgetary restrictions for FY2011, the UASI program was cut to $662 million to be awarded to urban areas.[71] As a result, DHS also reduced the number of areas funded from 64 to 31, still more than four times the original seven areas.

Again in FY2012, funds for all DHS's preparedness grant programs were reduced to $1.3 billion to be distributed across seven preparedness grant programs.[72] Congress left the decision to the DHS Secretary to determine how much to reserve for UASI. On February 17, 2012, DHS announced that it set aside $490.3 million for UASI.[73] Despite having nearly $200 million (or 25 percent) less to award than in 2011, DHS opted to continue to fund 31 urban areas—though not all the same locations. DHS contends that its risk analysis along with department policies necessitated restoring funding to four areas that were previously dropped (Indianapolis, Kansas City, New Orleans, and San Antonio) and eliminating four that were previously funded (Cincinnati, Cleveland, Norfolk, and Pittsburgh).

It still remains unclear how DHS decided to reduce the number of urban areas, and whether the decision was driven primarily by risk or other factors. The effect of the decision was to allow DHS to maintain the same level of funding for the "Tier 1"[74] jurisdictions with less to distribute to the 24 remaining jurisdictions—referred to as "Tier 2". Without the reductions, DHS would have had to spread only $122 million among 24 jurisdictions.[75] In comparison, in the preceding three years, there was at least 2.5 times that amount for about the same number of jurisdictions.[76]

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[71] *Fiscal Year 2011 Homeland Security Grant Program, Guidance and Application Kit*, May 2011, Department of Homeland Security, http://www.fema.gov/pdf/government/grant/2011/fy11_hsgp_kit.pdf .

[72] *DHS Announces Grant Guidance for Fiscal Year (FY) 2012 Preparedness Grants*, Department of Homeland Security, February 17, 2012, http://www.dhs.gov/ynews/releases/20110217-dhs-fy12-grant-guidance.shtm.

[73] Fiscal Year 2012 Homeland Security Grant Program, Funding Opportunity Announcement, Department of Homeland Security, http://www.fema.gov/pdf/government/grant/2012/fy12_hsgp_foa.pdf .

[74] For the first time in UASI's history, the number of Tier 1 jurisdictions grew to 11 with the addition of San Diego.

[75] Based on an analysis of FEMA data by staff of Sen. Tom Coburn.

[76] Based on an analysis of FEMA data by staff of Sen. Tom Coburn.

Part 3: Have DHS Grants Made Us Safer?

Since UASI's inception in 2003, DHS has awarded more than $7 billion to urban areas for a variety of purposes ranging from the purchase of equipment to staff training, including conducting exercises to test responders' capacity to respond during an emergency. Funds can also be used to pay first-responders' overtime or to hire staff or contractors at the local level to manage the grant program and oversee implementation of projects. But whether UASI has contributed much to preparing the nation for another terror attack is uncertain.[77]

When Congress first created the UASI program in 2003, Congress directed the Secretary of Homeland Security to: "(1) determine the cost of securing each locality; (2) evaluate of how much of such costs should be borne by the Federal Government; (3) identify other entities, if any, who should share in those costs and to what extent; and (4) propose a formula for distributing these funds based upon these findings."[78]

But the Department of Homeland Security never accomplished the first and second of these four critical tasks. This means that for eight of the nine years UASI has existed, DHS did not have a preparedness goal that urban areas would be required to meet.

While many federal, state, and local government officials contend that the nation is better prepared as a result of the UASI program, little concrete evidence exists to support such claims. Appearing before a House Homeland Security Subcommittee, a senior FEMA official testified several years ago that the nation is better prepared, but admitted this assertion was based on intuition because FEMA lacked data to measure the benefits of grant spending.[79] More recently, FEMA officials told Congress that DHS grant programs have "contributed significantly to the overall security and preparedness of the Nation,"[80] but cannot provide data that substantiates that claim.

It was not until October 7, 2011, more than $35 billion later and eight years after the Department launched, that DHS finally unveiled its "First National Preparedness Goal," which "set a vision for nationwide preparedness and identifies the core capabilities and targets necessary to achieve preparedness across five mission areas laid out in [Presidential Policy Directive 8]: prevention, protection, mitigation, response and recovery."[81]

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[77] FEMA officials have told the Congress that FEMA has contributed "significantly" to the nation's preparedness. However, the decade delay in producing preparedness goals means that FEMA still can't measure how Homeland Security grants are buying down risk.

[78] Making Supplemental Appropriations to Support Department Of Defense Operations In Iraq, Department Of Homeland Security, And Related Efforts For The Fiscal Year Ending September 30, 2003, And For Other Purposes, Senate Report 108-33, April 1, 2003.

[79] Timothy Manning, Deputy Administrator for Protection and National Preparedness, FEMA appearing before House Homeland Security Subcommittee on Emergency Communications, Preparedness and Response, October, 27, 2009.

[80] *Statement of Elizabeth M. Harman, Assistant Administrator for Grant Programs Directorate, before House Homeland Security Subcommittee on Emergency Preparedness, Response and Communications*, FEMA, March 20, 2012, http://homeland.house.gov/sites/homeland.house.gov/files/Testimony-Harman%20Gruber.pdf.

[81] *DHS Announces First National Preparedness Goal*, Department of Homeland Security, October 7, 2011, http://www.dhs.gov/ynews/releases/20111007-fugate-announces-preparedness-goal.shtm.

For the UASI program, DHS's delay in issuing preparedness goals for almost a decade means that neither the Department nor the urban areas can legitimately determine how effectively UASI dollars have been used to buy-down risk and make our cities better prepared to prevent and respond to terrorist attacks. This lack of national goals and guidance contributed to misdirected UASI spending, including significant expenditures on projects not related to preventing and responding to terrorist attacks.

This failure to create a framework for measuring risk has prevented Congress from being able to conduct a real cost-benefit analysis of whether the UASI and other grant programs are a worthwhile investment. It has similarly prevented us from understanding what the appropriate amount of resources needed to reduce the threat of terrorism attacks.

UASI Grants Subsidizing State and Local Budgets with Federal Dollars

One effect UASI funds have had is to offset state budgets from spending money they would otherwise have to spend. This was never one of its purposes. When the 9/11 Commission issued its 2007 follow-up report assessing the federal government's progress implementing its recommendations, it warned against using federal homeland security grants as a means for states and cities to supplant state and local resources. Specifically, the Commission said that "Congress should not use this money as a pork barrel".[82]

Preparedness grants were intended to be an initial investment to help state and local governments enhance their emergency response and preparedness capability in the aftermath of the September 11, 2001 attacks. Officials told us that it was well known that the grants were "seed money" and that "everyone knew [federal] money would not be around forever."[83]

Ten years later, though, the purpose of many DHS grant programs has shifted to provide continuous funding for routine expenses. In this way, states and cities are using their grants to *supplant* the funds they would otherwise spend, rather than *supplementing* them. A review of UASI expenditures by 15 jurisdictions suggests that many urban areas use this money to subsidize expenditures that would otherwise been made by state and local governments for public safety and other basic expenditures. This outcome has been exacerbated by state and local government budget revenue gaps caused by the "recession hitting so soon and so hard," according to one interviewee.[84]

This seems especially the case in Texas, which appeared regularly to use federal DHS funding, including UASI, to supplant state and local government expenditures. As explained by the head of the Texas Department of Public Safety, much of the state's homeland security spending now comes from the federal government.[85] Reports are that federal taxpayer dollars accounted for 82

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[82] *Implementing Recommendations of the 9/11 Commission Act of 2007*, Public Law 110-53, August 3, 2007, http://www.gpo.gov/fdsys/pkg/PLAW-110publ53/pdf/PLAW-110publ53.pdf.
[83] Staff Interview with San Diego UASI officials, November 22, 2011.
[84] Staff Interview with San Diego UASI officials, November 22, 2011.
[85] This includes funding from the UASI as well as other DHS Homeland Security grant programs.

percent of the state of Texas' $1.1 billion in homeland security spending last year.[86] Reportedly, some of these funds were used for purchases such as "a $21 fish tank in Seguin, a $24,000 latrine on wheels in Fort Worth, and a true pork project — a hog catcher in Liberty County. Homeland Security dollars paid for body bags, garbage bags, and Ziploc bags. Beyond these ordinary purchases, however, were more unusual items such as two 2011 Camaros, each $30,884, used in Kleberg County."[87]

UASI Grants Used for a Wide Variety of "Allowable Expenses"

Urban areas can use UASI money for many things, ranging from equipment to training to personnel costs. But while the list of "allowable expenses" is written in broad categories, it is not unlimited and must be related to terrorism or to the broad preparedness goals outlined by DHS. A review of the UASI expenditures of 15 jurisdictions, and beyond, revealed the wide breadth of items and projects the money was used for as cities stretched that meaning as far as possible.

There is pressure, however, to expand even what few limitations are currently imposed on the program. As recently as November 28, 2012, the House of Representatives passed legislation further expanding the allowable uses for UASI funds, this time to improve "medical preparedness" by the stockpiling of pharmaceuticals and medical kits.[88]

One notable training-related event that was deemed an allowable expense by DHS was the HALO Counter-Terrorism Summit 2012. Held at the Paradise Point Resort & Spa on an island outside San Diego, the 5-day summit was deemed an allowable expense by DHS, permitting first responders to use grant funds for the $1,000 entrance fee. Event organizers described the location for the training event as an island paradise: "the exotic beauty and lush grandeur of this unique island setting that creates a perfect backdrop for the HALO Counter-Terrorism Summit. This luxury resort features over 460 guestrooms, five pools, three fantastic restaurants overlooking the bay, a world-class spa and state-of-the-art fitness center. Paradise awaits..."[89]

While the summit featured various training courses for participants, the HALO Corporation explained that a top goal was to bring together technology vendors and possible customers at first-responder agencies. According to the company's promotional material, "The 2012 Summit is specifically designed to allow more interaction between those who develop the products and those who use them."[90] Over the course of the 5-day conference, numerous technology companies provided live-action demonstrations in an effort to drum up business. "In my view it's not how large your company is," explained Brad Barker, president of HALO, in a promotional video, "I believe you should have the exact same access to the people who need it. At an event

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[86] Enrique Rangel, *Texas Security has Big Price Tag*, Lubbock Avalanche-Journal, September 9, 2011, http://lubbockonline.com/business/2011-09-10/texas-security-has-big-price-tag.

[87] Darren Barbee, *Show Me the Homeland Security Money*, Fort Worth Star-Telegram, September 4, 2011, http://www.mcclatchydc.com/2011/09/04/123138/texas-homeland-security-grants.html.

[88] H.R. 5997, the "Medical Preparedness Allowable Use Act," passed the House of Representatives on November 28, 2012 by a vote of 397-1, http://clerk.house.gov/evs/2012/roll609.xml.

[89] Website of the HALO Counter-Terrorism Summit 2012, "About the venue," http://www.thehalosummit.com/2012-summit/sd-2012-venue.html.

[90] Promotional document produced by the HALO Corporation, http://www.thehalocorp.com/wp-content/uploads/2012/01/HALO-CT-Summit-4-Page-Teaser.pdf.

like this it's a level playing field. Everybody's going to get the same type of access because it's five days. Imagine being on an island for five days with a limited number of people. By the end of the five days you'll be on a first-name basis with a lot of the people who are interested in what you do."[91]

The marquee event over the summit, however, was its highly-promoted "zombie apocalypse" demonstration. Strategic Operations, a tactical training firm, was hired to put on a "zombie-driven show" designed to simulate a real-life terrorism event.[92] The firm performed two shows on Halloween, which featured 40 actors dressed as zombies getting gunned down by a military tactical unit. Conference attendees were invited to watch the shows as part of their education in emergency response training. Barker explained that, "the idea is to challenge authorities as they respond to extreme medical situations where people become crazed and violent, creating widespread fear and disorder."[93]

According to the firm's public relations manager, the exercise was brought about "utilizing Hollywood magic," and setup in a "parking lot-sized movie set [with] state-of-the-art structures, pyrotechnic battlefield effects, medical special effects, vehicles and blank-firing weapons."[94] Barker added, however, "'This is a very real exercise, this is not some type of big costume party."[95]

Other examples included projects such as one in Oklahoma by which officials approved spending more than $150,000 to install cameras

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[91] "HALO Counter-Terrorism Summit Promo," http://www.youtube.com/watch?v=3h9HcJ6ERXg.

[92] "Fake Blood, Real Lessons," *San Diego Business Journal*, November 2, 2012, http://sandiego.cityandpress.com/node/5394937.

[93] Fuentes, Gidget, "Security firm to hold zombie crisis scenario," *Military Times*, September 16, 2012, http://www.militarytimes.com/news/2012/09/navy-security-firm-holds-zombie-crisis-scenario-081612/.

[94] Website of Merrill Marketing/Communications, "MMC Handles National PR for Strategic Operations @ HALO Counter-Terrorism Summit," November 7, 2012, http://www.merrillmarcom.com/blog/mmc-handles-national-pr-for-strategic-operations-halo-counter-terrorism-summit.

[95] Watson, Julie, "Marines, police prep for mock zombie invasion," *Associated Press*, October 27, 2012, http://www.federalnewsradio.com/407/3096034/Marines-police-prep-for-mock-zombie-invasion-.

and security barriers at the Tulsa County jail.[96] In the official grant documentation, officials stated that this purchase was responsive to DHS' goal of protecting critical infrastructure and key resources as a preparedness investment.[97] Similarly, in the Oxnard-Thousand Oaks area, officials approved funding to install ballistic resistant windows and doors at the Camarillo and Thousand Oaks Police Departments.[98]

Indianapolis approved $5,000 to spend on office supplies to sustain its training and exercise program.[99] The city also spent more than $69,000 in 2007 to purchase a new Neoteric hovercraft for water-based search and rescue operations.[100] This latter purchase raised the eyebrows of even one local official who noted, "Homeland security money is not just for taking care of your, quote, everyday needs that you have for public safety. First and foremost, it's there for protection and prevention in terrorism."[101]

In Louisiana, Jefferson Parish officials sought to spend nearly $45,000 for license plate readers that have been used not to stop terrorists, but to catch car thieves.[102] In Livingston, Louisiana, officials spent $10,000 for a flight course to train search and rescue pilots on normal and emergency flight procedures which officials described as "essential to responder safety and health" so that the project fit neatly into one of DHS's pre-approved criteria.[103]

Stretching the bounds of the program's limitations, some local jurisdictions are using funds to fortify entertainment and athletic facilities. Arizona officials spent over $90,000 in UASI grants [104] to install bollards and a video surveillance system to monitor the main stadium, clubhouses, and training fields at the Peoria Sports Complex, which is used for spring training by the San

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[96] Information provided by officials from Oklahoma Office of Homeland Security on December 23, 2011.
[97] Tulsa officials explained that the purchase of security cameras for the county jail was, in part, intended to comply with DHS requirements that money be spent within three years of receipt. Complicating the decision over how the funds should be used, they explained, was a looming deadline related to an unfunded mandate in the federal "Prison Rape Elimination Act" requiring the installation of security cameras throughout the jail. To reconcile the needs of both programs, and prevent the expenditure of additional funds, local officials used UASI funds to meet the requirements of act, which was allowable under DHS rules.
[98] Information provided by staff from the Oxnard/Thousand Oaks UASI Program Office on December 9, 2011.
[99] Information provided by staff from the Indiana Department of Homeland Security on January 9, 2012.
[100] Indiana Department of Homeland Security, "City of Indianapolis – 2005 UASI," http://cironline.org/sites/default/files/legacy/files/stateprofiles/indiana/induasi2005.pdf.
[101] Ingerson, Meagan, "Homeland security grant buys hovercraft," *Indianapolis Star*, September 28, 2007, http://www.neoterichovercraft.com/news/news/IFDStarSept07.htm.
[102] Michelle Hunter, *New Jefferson Parish Cameras Scan License Plates to Find Stolen Vehicles,* The Times-Picayune, November 22, 2008, http://www.nola.com/news/index.ssf/2008/11/new_jefferson_parish_cameras_s.html.
[103] Information provided by staff from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness on January 4, 2012.
[104] Information provided by staff from Arizona Department of Homeland Security on January 9, 2012.

Diego Padres and Seattle Mariners and also hosts concerts and car shows.[105] Officials described the facility as a revenue generator for the City of Peoria, yet did not provide any of its own funding for the security equipment. Similarly, officials in Indiana authorized over $250,000 for security enhancements at Lucas Oil Stadium—home of the Super Bowl XLVI in 2012—including $9,000 for signage.[106]

Auditors found that the New York City Fire Department (FDNY) was reimbursed for costs to backfill for certain positions in the fire department based on estimated rather than actual hours worked.[107] The DHS IG found that FDNY claimed $143,437 in backfill expenses for employees who worked overtime to perform duties of other employees who were attending training. However, the amounts claimed were based on a model that computed estimated backfill personnel expenses rather than actual time charges on payroll records. Additionally, New York City's 2011 budget included plans to spend over $24 million in federal homeland security grants to pay overtime to its police department.[108] Overtime and backfill are allowable expenses under DHS' grant programs, which DHS makes clear.[109]

In Buffalo, New York, officials attempted to charge $934,000 to UASI for personnel costs for a police chief, captain, and local fire department employees deployed to conduct routine patrols during an orange heightened alert period.[110] The city would have incurred these costs regardless of the heightened alert level. The bill ended up being paid by a state funded accounts.

Columbus, Ohio recently purchased an "underwater robot" using a $98,000 UASI grant.[111] Known also as a "remotely operated underwater vehicle," the robot is mounted with a video

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[105] Peoria Sports Complex website, *About Peoria Sports Complex*, http://peoriasportscomplex.com/sportscontent3.aspx?id=29826.

[106] Information provided by staff from the Indiana Department of Homeland Security on January 9, 2012.

[107] Department of Homeland Security, *The State of New York's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008*, Office of Inspector General, OIG-11-30, January 2011, http://www.oig.dhs.gov/assets%5CMgmt%5COIG_11-30_Jan11.pdf.

[108] New York City – Office of Management and Budget, November 2010 Financial Plan - Revenue, at 75. http://www.nyc.gov/html/omb/downloads/pdf/nov10_rfpd.pdf.

[109] Department of Homeland Security, Fiscal Year 2011, Homeland Security Grant Program Guidance and Application Kit, Section I – Application and Review Information, May 2011, http://www.fema.gov/pdf/government/grant/2011/fy11_hsgp_kit.pdf.

[110] G.W. Schulz, *Big Apple bonanza: $24 million in grants for NYPD overtime*, Center for Investigative Reporting, February 24, 2011, http://americaswarwithin.org/articles/2011/02/24/big-apple-bonanza-24-million-grants-nypd-overtime.

[111] *New Underwater Robot to Better Handle Water-Related Emergencies*, 10TV.com, April 17, 2012, http://www.10tv.com/content/stories/2012/04/16/columbus-new-underwater-robot-to-better-handle-water-related-emergencies.html.

camera providing full-color display to a vehicle on shore. Officials on the Columbus City Council went so far as to declare the purchase an "emergency," not because of security needs, but because of "federal grant deadlines."[112] If the money was not spent quickly, it would have been lost. The Columbus dive team, however, is responsible only for underwater search and recovery missions – not for rescue missions that may happen during a terror attack.[113] One of the team's higher profile missions in recent years was the recovery of a $2 million "sunken treasure" in the Scioto River.[114]

In Indianapolis, Indiana officials set aside nearly $19,000 to purchase 10 digital cameras and related accessories to assist in arson investigations and $25,000 for "travel and training" outside of the "UASI Area."[115] In 2008, officials also budgeted $42,000 for an "access control system," and $74,500 for "Portable Barriers," for the Indiana Stadium and Convention Building Authority.[116]

While DHS has directed UASI cities to protect critical infrastructure and key resources, local jurisdictions have interpreted this broadly to cover local interests that do little to protect assets that if targeted would have catastrophic economic, health, or safety consequences. For example, the Phoenix urban area designated 20 percent of its UASI award—more than $7 million—to harden the Phoenix Convention Center, various local government buildings as well as police and fire stations around the area.[117] Of that, officials committed nearly $2 million to install security equipment such as vehicle barriers and surveillance cameras at the Phoenix Governmental Campus.[118]

Audits conducted by the DHS Inspector General (IG) reveal serious shortcomings about the benefit of certain expenditures. For example, a recent IG audit on UASI grant funding revealed that a Californian urban area purchased a license plate reader system for $6.2 million but could not explain how this acquisition identified or contributed to the prevention or investigation of

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[112] Columbus City Bulletin No. 40, October 1, 2011, http://council.columbus.gov/citybulletins.aspx?id=37119&menu_id=522.

[113] Columbus Division of Police Publications, 3.46 Underwater Search and Recovery, http://www.columbuspolice.org/FormsPublications/Directives/Directives/Directives.html.

[114] Mikaela Hunt, *CPD Finds 'Sunken Treasures' in the Scioto*, nbc4i.com, May 22, 2009, http://www2.nbc4i.com/news/2009/may/22/cpd_finds_treasure-ar-13683/?referer=http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&sqi=2&ved=0CD8QFjAE&url=http%3A%2F%2Fwww2.nbc4i.com%2Far%2F13683%2F&ei=f6qhT4OkO4qu6AGPtPTUCA&usg=AFQjCNEwSNJmXCrgEi1gdFlQzCVBbQmwlw&shorturl=http://bit.ly/euHSra.

[115] Information provided by staff from the Indiana Department of Homeland Security on January 9, 2012.

[116] Information provided by staff from the Indiana Department of Homeland Security on January 9, 2012.

[117] Analysis performed by staff of Sen. Tom Coburn based on data provided by the staff of the Arizona Department of Homeland Security.

[118] Information provided by the staff of the Arizona Department of Homeland Security.

terrorist attacks.[119] Instead, the system was used to locate stolen cars or to identify vehicles with excessive traffic violations. As the IG report pointed out, measuring the contribution this program made toward first responder preparedness might include data on the number of stolen vehicles recovered or suspects apprehended, and how the system contributed to the investigation of a terrorist incident that was prevented or actually occurred. However, neither the State nor the urban area had established such indicators.[120]

In contrast, last year a group of local officials in Litchfield, Connecticut strongly argued against using DHS grants to purchase license plate readers for their own police cars because they "have nothing to do with emergency management."[121] The officials added that even proposing to use the money in this manner was akin to saying "let's spend federal money because it's there" and that doing so would be a waste because it would just be an exercise in "spending money just to spend money."[122]

The use of federal funds to pay for these items underscores the enormous breadth of allowable expenses under the UASI program. As the allowable expenses are stretched to include the largest possible number of uses, it is increasingly difficult to explain how certain expenditures enhanced preparedness capabilities. The following were all allowed under the UASI program:

- $100,000 set aside for television, radio and other media advertising (including billboards and transit ads) for public outreach campaigns and volunteer recruitment in Hamilton County, Indiana.[123]

- Officials in Ascension Parish, Louisiana spent over $2,700 to purchase a teleprompter which officials characterized as meeting the national priority to expand regional collaboration;[124]

- Of the invoices paid thus far, the New Orleans and Baton Rouge urban areas spent nearly $12,000 to pay monthly cell phone bills for emergency management personnel;[125]

- $3,160 for a roofing project for the New Orleans East Tower Building;[126]

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[119] Department of Homeland Security, *The State of California's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008*, Office of Inspector General, OIG-11-46, February 2011, http://www.oig.dhs.gov/assets%5CMgmt%5COIG_11-46_Feb11.pdf.

[120] Department of Homeland Security, *The State of California's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008*, Office of Inspector General, OIG-11-46, February 2011, http://www.oig.dhs.gov/assets%5CMgmt%5COIG_11-46_Feb11.pdf.

[121] Ricky Campbell, *Litchfield Hills elected officials say federal money is being wasted on the wrong projects*, The Register Citizen, June 11, 2011, www.registercitizen.com/articles/2011/06/11/news/doc4df2f15ec5ed7867537766.txt?viewmode=fullstory.

[122] Ricky Campbell, *Litchfield Hills elected officials say federal money is being wasted on the wrong projects*, The Register Citizen, June 11, 2011, www.registercitizen.com/articles/2011/06/11/news/doc4df2f15ec5ed7867537766.txt?viewmode=fullstory.

[123] Information provided by staff from the Indiana Department of Homeland Security on January 9, 2012

[124] Information provided by staff from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness on January 13, 2012.

[125] Information provided by staff from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness on January 13, 2012.

- About $25,000 of FY08 UASI funds to install surveillance cameras at Lucas Oil Stadium, home of the Indianapolis Colts. The cameras were purchased with FY2007 grant funds[127]

- $2,400 for a lapel microphone in Plaquemines, Louisiana;[128] and

- Over $11,000 to harden windows at the City of Indianapolis Police Department.[129]

This issue of allowable expenses has gained importance as consideration is given to whether state and local jurisdictions should be given even greater latitude in deciding how to spend homeland security grants—something for which they have increasingly petitioned.

DHS's Lax Oversight of UASI Expenditures

Questionable – though often allowable – spending under the UASI program is fueled by three key factors.

First, FEMA announces award allocations before reviewing proposals for how cities will spend the funds.[130] Armed with the knowledge of the award size, urban areas proceed to create plans to use every dime of the dollars awarded to them rather than developing plans that reflect their actual or most pressing needs. One interviewee explained how the pressure can mount in this regard. At this Tier One urban area, the interviewee explained that senior city officials warned that they should never, "leave a dime on the table. Never want to give back any grant funds since it may signal the area does not have a great need for the funds and could affect future funding levels."[131]

Second, there is little transparency or accountability at the federal level for how funds are spent at the local level. The lack of transparency into how recipients spend UASI funds can mask instances of misuse and misallocation. FEMA only requires that grantees outline high-level UASI spending proposals, which are documented in "investment justifications" submitted after award decisions have already been made, and before any money is spent. These investment justifications do not provide sufficient detail to inform how funds will be spent in the end, and do not necessarily reflect actual expenditures. At the local level, officials can meet FEMA requirements by providing relatively little information about the intended use of grant funds. For example, in writing investment justifications for FY2010 UASI grants, officials from Oklahoma instructed others to provide broad descriptions of projects to be funded saying that "the investment justifications need to be written broad enough to cover anything that might need to be funded".[132]

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[126] Information provided by staff from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness on January 13, 2012.

[127] Information provided by staff from the Indiana Department of Homeland Security on January 9, 2012.

[128] Information provided by staff from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness on January 13, 2012.

[129] Information provided by staff from the Indiana Department of Homeland Security on January 9, 2012.

[130] DHS-FEMA, *Grant Life Cycle Fact Sheet*, May 16, 2011, http://www.fema.gov/media/fact_sheets/index.shtm#2.

[131] Staff Interview, November 22, 2011.

[132] Meeting minutes of Central Oklahoma Urban Area Security Initiative dated April 13, 2010.

In contrast, GAO recently reported how another DHS grant program requires much more detailed information. The Port Security Grant Program and Transportation Security Grant Program, under FEMA, makes award decisions only after investment justifications include detailed project information.[133] According to GAO, FEMA now says that it is considering the recommendations of an internal working group to restructure the investment justification for UASI and other grant programs to allow for more detailed budget summaries of proposed investments. However, FEMA is still mulling over what data will be required going forward.

Third, FEMA officials said the agency's top priority is to ensure grantees spend every penny of the grant dollars given them.[134] This has created a culture in which it is more important that money *be spent*, than that it is *spent well*. Although FEMA established a grants monitoring program, the agency does not have adequate resources to do more than a perfunctory compliance check against policies and procedures. By way of example, one FEMA monitoring report noted how the grantee maintained adequate procurement records and provided timely financial reports. Missing from the report was any mention of whether expenditures reflected sound investments that improved preparedness and closed capability gaps.

An incident involving the purchase of 13 sno-cone machines with $6,200 in homeland security grant illustrates the weakness of FEMA's oversight of its grant programs. Defending the purchase, FEMA asserted it was, in fact, an allowable expense under its guidelines. FEMA explained that it approved the sno-cone machines because the grantee characterized them as a dual purpose investment that could be used to fill ice packs in an emergency as well as to help attract volunteers at community outreach events.[135] However, FEMA also added it "will provide clearer guidance to state program staff on assessing the best use of homeland security funds."[136] Local officials also defended the sno-cone purchases saying the machines were needed to treat heat-related emergencies. Yet, while the officials could easily account for how many times the machine had been used at community outreach events, they "did not know" how many heat-related medical emergencies the area had experienced in the past that would justify the purchase.[137]

FEMA's lax guidelines and oversight made the agency a virtual rubberstamp for most anything that grant recipients creatively justified as related to homeland security—regardless of how loosely related. Not surprisingly, state and local officials are given strong incentives by FEMA to spend every grant dollar given them rather than return any excess funds. As one interviewee told us, better spending outcomes could be achieved by requiring that jurisdictions "have some skin

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[133] GAO, *Homeland Security: DHS Needs Better Project Information and Coordination Among Overlapping Grant Programs*, GAO-12-303, February 2012, http://www.gao.gov/assets/590/588960.pdf.

[134] Staff interviews with FEMA officials, April 18, 2011 and February 16, 2012. This doesn't explain why there is $8.3 billion in unspent DHS grants.

[135] Letter from Elizabeth M. Harman, Assistant Administrator – Grant Programs Directorate, Federal Emergency Management Agency to Chairman Gus M. Bilirakis, Subcommittee on Emergency Preparedness, Response, and Communications, Committee on Homeland Security, U.S. House of Representatives, January 17, 2012.

[136] Letter from Elizabeth M. Harman, Assistant Administrator – Grant Programs Directorate, Federal Emergency Management Agency to Chairman Gus M. Bilirakis, Subcommittee on Emergency Preparedness, Response, and Communications, Committee on Homeland Security, U.S. House of Representatives, January 17, 2012.

[137] Information provided in email correspondence with officials from the Emergency Management and Homeland Security Division of the Michigan State Police, December 7, 2011.

in the game" such as with a cost-share obligation which would "force [local officials] to do only what is needed rather than what they want."[138]

Money Spent on Questionable Projects

Several examples in recent years highlight how FEMA's weak oversight and broad definition of allowable uses have allowed UASI and other homeland security grant funds to be spent on questionable projects.

The Kansas City Metropolitan Emergency Managers Committee spent a portion of a recent grant to produce a new online video series called "A Tale of Disaster and Preparedness" (pictured below).[139] The series features characters of the same name and its first episode urges people to develop emergency plans in their homes in the event of a natural disaster or terror attack. Most of the advice offered in the film is little more than common sense suggestions like "have an emergency plan" and "know the potential threats." The message of the video, however, is presented as a steady stream of jokes, like the one pictured below warning people to prepare for a "terror attack."

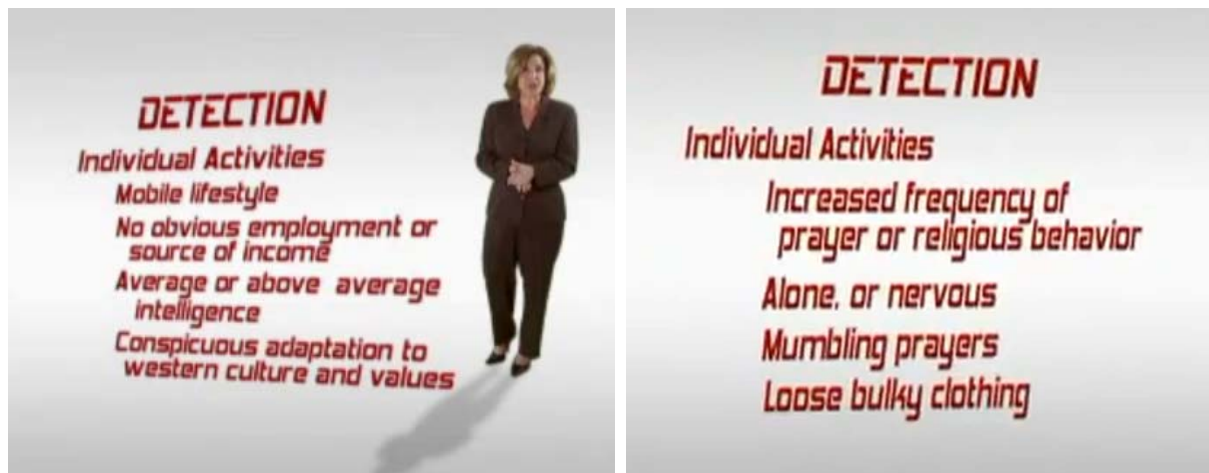

Another video was produced in 2008 by the Jacksonville UASI, called "Domestic Terrorism: The First Line of Defense."[140] This eight-minute feature offered advice to its viewers for spotting would-be terrorists, and gave them information about how to report any suspicious activity.

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[138] Staff interview on November 14, 2011.

[139] *Episode 1, Meet "Disaster" and "Preparedness,"* Metropolitan Emergency Managers Committee, March 12, 2012, http://www.youtube.com/watch?v=IWVevsBhLBo(last accessed June 19, 2012); and *Disaster and Preparedness Episode 7: Put Disaster Down for the Count*, Prepare Metro KC, http://www.preparemetrokc.org/ (last accessed June 19, 2012).

[140] *Domestic Terrorism: The First Line of Defense*, July 2008, http://www.youtube.com/watch?v=urCShnPyfF8 (last accessed June 19, 2012).

Among its non-specific tips included keeping an eye on people of "average or above average intelligence" or who appear to display "conspicuous adaptation to western culture and values." Other signs that someone might be up to no good were: "increased frequency of prayer or religious behavior," being "alone or nervous," or "mumbling prayers."

Increasing oversight and reviews using measurable standards of its funds would give FEMA greater control of the UASI program and better enable it to prevent waste and unnecessary expenditures. Moreover, it would increase the likelihood that funds are targeted at preparing the nation for – and preventing – catastrophic acts of terror.

Cyber Security Training for Children

Homeland Security officials representing the City of San Diego told staff that UASI funds were used to help local communities provide cyber security training.[141] The San Diego official initially described the cyber security initiative as an effort to protect critical cyber infrastructure. But when asked to describe the training program in greater detail, acknowledged that its real focus was to provide training to children to help ensure that they were not victimized by cyber criminals or online predators. The program was not funded in FY2011.

The Illinois Emergency Management Agency and Project Shield

Among its initial successes, the agency pointed to a Chicago initiative known as "Project Shield." The purpose of Project Shield was to equip the city with a network of surveillance cameras to monitor 128 municipalities in Cook County, Illinois[142] for terrorist activity.[143] In the end, however, Project Shield was shuttered and $45.6 million was wasted.[144]

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[141] Staff interview with the City of San Diego's Office of Homeland Security, November 22, 2011.

[142] Department of Homeland Security, *Homeland Security Grant Program: Funds Awarded for Project Shield*, OIG-12-19, December 2011, http://www.oig.dhs.gov/assets/Mgmt/OIG_12-19_Dec11.pdf.

[143] Carol Martin and Don Moseley, *Feds Find Failures in Cook Co. Homeland Security Project*, Chicago Sun-Times, January 8, 2012, http://www.suntimes.com/9853704-417/feds-find-failures-in-cook-co-homeland-security-project.html.

[144] Department of Homeland Security, *Homeland Security Grant Program: Funds Awarded for Project Shield*, OIG-12-19, December 2011, http://www.oig.dhs.gov/assets/Mgmt/OIG_12-19_Dec11.pdf.

Initially, the project was hailed by DHS officials as an example of what UASI was meant to find and promote. In 2004, then-Secretary Tom Ridge spoke at a UASI conference and congratulated the attendees for their contribution to getting the program off the ground. He said without qualification, "You have used these funds and resources wisely."[145] First on his list was Chicago:

> Chicago has planned a new Operations Center that will serve as a central command post for agency coordination and information sharing…to plan, manage and respond to major neighborhood and downtown events to ensure the safety and security of Chicago's residents. Mayor Daley announced last week that Chicago will also establish a unified camera network that will provide surveillance of critical infrastructure and high risk areas with 250 additional specialized cameras. Chicago's 911 center will fully integrate this surveillance capacity into its call taking and dispatch operations.[146]

The project's purpose was to enable first responders to capture and share video and data. In all, Cook County received $45.6 million in UASI funding between FY2003 and FY2009.[147] In 2005, the project was underway as cameras were scheduled to be installed throughout the city, both in police cars and in fixed points on poles and on buildings.[148] Yet the problems became apparent early on. "We were scheduled to get some installed in 2006," said Franklin Park Police Chief Tom Wolfe. "There was either a hardware problem or some kind of installation problem that didn't allow that to occur."[149]

The technology was initially tested at the U.S. Open Golf Tournament in June 2003. However, the mild conditions were not the "actual conditions expected for Project Shield in terms of weather." The temperatures in the test period did not take into consideration "the extreme hot and cold temperatures experienced annually in Cook County." In short, when the weather changed, the hardware for Project Shield stopped working.[150]

Costs for the program began to skyrocket without any concrete results. By early 2011, there was an increasingly loud chorus of complaints from some local officials. "There is overwhelming evidence that the money is being misspent and it's being mismanaged," said Cook County

[145] Remarks by Secretary of Homeland Security Tom Ridge at the Urban Area Security Initiative Conference, at 3, September 13, 2004, http://www.hsdl.org/?abstract&did=475406.

[146] Remarks by Secretary of Homeland Security Tom Ridge at the Urban Area Security Initiative Conference, at 3, September 13, 2004, http://www.hsdl.org/?abstract&did=475406.

[147] Department of Homeland Security, *Homeland Security Grant Program: Funds Awarded for Project Shield*, OIG-12-19, December 2011, http://www.oig.dhs.gov/assets/Mgmt/OIG_12-19_Dec11.pdf.

[148] Marin, Carol and Don Moseley, *Feds Find Failures in Cook Co. Homeland Security Project*, Chicago Sun-Times, January 8, 2012, http://www.suntimes.com/9853704-417/feds-find-failures-in-cook-co-homeland-security-project.html.

[149] *"Project Shield" a Failure, Some Say*, 5NBCChicago.com, February 15, 2011, http://www.nbcchicago.com/news/local/Project_Shield_Investigation.html.

[150] Department of Homeland Security, *Homeland Security Grant Program: Funds Awarded for Project Shield*, OIG-12-19, December 2011, http://www.oig.dhs.gov/assets/Mgmt/OIG_12-19_Dec11.pdf.

Commissioner Forest Claypool.[151] "What we are seeing here is incompetence and perhaps profiteering," said Congressman Mike Quigley, "There is a lack of transparency and accountability."[152]

In December 2011, the DHS's Inspector General released a report on Project Shield revealing that the county and the urban area "did not adequately plan or manage the project to ensure that the equipment worked properly; the system could be operated in an emergency situation; and the costs were reasonable, allowable, and allocable."[153] In addition, the DHS IG reported that FEMA, which manages UASI within DHS, effectively monitored Illinois' and Cook County's expenditures for the project. According to the IG report, 32 of the 128 municipalities in Cook County never received Project Shield equipment.

In January 2012, Illinois Senator Mark Kirk and Congressman Mike Quigley called for the Federal Bureau of Investigation to investigate whether state and local officials violated federal laws.[154]

Mobile Fingerprinting Devices

The Fairfax County Police Department in Virginia, part of the National Capital Region around Washington, D.C., spent nearly $12 million to upgrade its automated fingerprinting system called NOVARIS and purchased mobile devices for use by officers in the field.[155] Digital fingerprinting had been in place for Fairfax police since the early 1980's, but the county applied for, and won, UASI funds to purchase a new state-of-the-art system, that would also help it coordinate with neighboring counties. "Since it was due for an upgrade, we took the opportunity to use the UASI grant funds to refresh the system," explained Alan Hanson with the department.[156]

A 2008 planning document for the county explained how it was able to afford new expensive and cutting-edge equipment, and how it would pay for it in the future with additional DHS grants:

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[151] *"Project Shield" a Failure, Some Say*, 5NBCChicago.com, February 15, 2011, http://www.nbcchicago.com/news/local/Project_Shield_Investigation.html.
[152] *"Project Shield" a Failure, Some Say*, 5NBCChicago.com, February 15, 2011, http://www.nbcchicago.com/news/local/Project_Shield_Investigation.html.
[153] Department of Homeland Security, *Homeland Security Grant Program: Funds Awarded for Project Shield*, OIG-12-19, December 2011.
[154] *Kirk, Quigley: FBI Should Investigate Waste In County Anti-Terrorism Program*, CBS-Chicago, January 9, 2012, http://chicago.cbslocal.com/2012/01/09/report-county-anti-terrorism-program-may-have-wasted-millions/.
[155] Homeland Security and Emergency Agency District of Columbia, "National Capital Region: Urban Area Security Initiatives Sub grants as of February 1, 2012," http://hsema.dc.gov/sites/default/files/dc/sites/hsema/publication/attachments/Urban%20Area%20Security%20Initiatives_0.pdf.
[156] Interview with Alan L. Hanson, Fairfax County Police Dept., Director of NOVARIS, Findbiometrics.com, November 23, 2009, http://www.findbiometrics.com/interviews/i/7547/.

"In 2006 a Homeland Security Grant allowed NOVARIS to upgrade, adding new state-of-the-art features and securing an 8 to 5 warranty without cost to the citizens of Fairfax County. As a result, the required funding for 2009 has been tremendously reduced than required in previous budgets. It is anticipated but not reflected in the current budget submission a third Homeland Security grant will allow for the payment of maintenance through the 2010. If this is obtained, costs for NOVARIS will remain level for several years."[157]

Hanson explained that the equipment "is used most often in a voluntary capacity" in situations where people are stopped but do not have identification.[158] "You can break this device out and find out if you're a housewife, or a businessperson, or if you're really wanted by police," Fairfax County Police Lt. Vince Byrd said.[159] In a separate interview, Byrd explained, "Sometimes officers just get a feeling about someone, that the ID or information they provide isn't real. This allows them to confirm positive identification if the person has ever been previously fingerprinted."[160]

BearCats and Boondoggles: The Changing Landscape of Local Law Enforcement

With billions in grant dollars up for grabs, police departments—large and small—are using UASI funds to beef up their arsenal of crime-fighting tools even as violent crime has been on a steady decline for the past 20 years. "Militarized" vehicles and bomb detection robots top the list of "must have" equipment being purchased by law enforcement teams around the country.

Recent lengthy reports have documented the widespread use of militarized tactical equipment and vehicles nationwide.[161] One local UASI official interviewed expressed some discomfort with the spending spree, noting that other urban areas are buying equipment that is "nice to have," rather than "items that they need."[162]

It has been noted that police departments are arming themselves with military assets often reserved for war zones. One California resident observed as much when officials in Carlsbad—a city with one of the state's lowest crime rates—expressed interest in using DHS funds to buy a BearCat: "What we're really talking about here is a tank, and if we're at the point where every small community needs a tank for protection, we're in a lot more trouble as a state than I thought."[163]

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[157] Fund 703 NOVARIS, 2008 Lines of Business, vol. 1 at 38-39, http://www.fairfaxcounty.gov/dmb/lobs/lobs_v1.htm.
[158] Interview with Alan L. Hanson, Fairfax County Police Dept., Director of NOVARIS, Findbiometrics.com, November 23, 2009, http://www.findbiometrics.com/interviews/i/7547/.
[159] "Device will put crooks at COPS fingertips," WTOP.com, http://www.wtop.com/?nid=&sid=1291897.
[160] *Fairfax County Police Deploys Datastrip DSV2+TURBO Devices to Enhance Identification Accuracy in the Field*, MoreRFid.com, February 6, 2008, http://www.morerfid.com/details.php?subdetail=Report&action=details&report_id=4127.
[161] Andrew Becker and G.W. Schulz, *Local Police stockpile high-tech, combat-ready gear*, Center for Investigative Reporting, December 21, 2011, http://americaswarwithin.org/articles/2011/12/21/local-police-stockpile-high-tech-combat-ready-gear .
[162] Staff interview, November 29, 2011
[163] Brandon Lowrey, *Exclusive: Carlsbad Police Department Wants Armored Truck*, North County Times, July 7, 2011, http://www.nctimes.com/news/local/carlsbad/article_bb1ffd93-63d3-540f-9cee-d46a21eccfd3.html.

Reports found that Fargo, North Dakota, received more than $8 million in homeland security

grants, which is significant considering its local crime record. Fargo, a town which "has averaged fewer than 2 homicides per year since 2005" bought a "new $256,643 armored truck, complete with a rotating [gun] turret" using homeland security funds.[164] Fargo Police Lieutenant Ross Renner acknowledges that Fargo "[does not] have every-day threats here when it comes to terrorism." It is for this reason perhaps that as of December 2011 the vehicle was only used for "training runs and appearances at the annual Fargo picnic, where it's been displayed near a children's bounce house."[165]

Other jurisdictions are using UASI funds to upgrade existing bomb squad equipment, such as at the Olathe Fire Department outside Kansas City. Olathe used a $151,000 UASI grant to purchase a bomb detection robot despite already having two. Local officials let one of the broken robots sit largely unused for four years, but brought the robot back online after two high schoolers were asked to repair it, which they did for only $5.[166] Two months later, the city decided to purchase a new state-of-the-art Remotec Andros F6B anyway with its funding from DHS.[167] Bomb squad commander, Capt. Cody Henning,

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[164] Andrew Becker and G.W. Schulz, *Local Police stockpile high-tech, combat-ready gear*, Center for Investigative Reporting, December 21, 2011, http://americaswarwithin.org/articles/2011/12/21/local-police-stockpile-high-tech-combat-ready-gear.

[165] Andrew Becker and G.W. Schulz, *Local Police stockpile high-tech, combat-ready gear*, Center for Investigative Reporting, December 21, 2011, http://americaswarwithin.org/articles/2011/12/21/local-police-stockpile-high-tech-combat-ready-gear.

[166] Chris Morrison, *Olathe High School Students Succeed Where Others Couldn't in Fixing Police Robot*, 41 Action News Kshb.com, February 9, 2012, http://www.kshb.com/dpp/news/region_kansas/johnson_county/olathe-high-school-students-succeed-where-others-couldnt-in-fixing-police-robot.

[167] Robert A. Cronkleton, *Olathe Fire Department Welcomes Robotic Helper*, 913 Johnson County's New Magazine, April 16, 2012, http://joco913.com/news/olathe-fire-department-welcomes-robotic-helper/.

explained that the old robot was still functional, but was "on part-time status now."[168] The new robot, nicknamed "Tin Man," made its public debut recently when concern over a suspicious package shut down a significant portion of The Great Mall of the Great Plains. News outlets gathered to record the Tin Man as it made its way in to inspect the item. It turned out to be a "stained cardboard box filled with paper booklets."[169]

Militarized vehicles are becoming more commonplace in cities and towns across the country in large part because federal funds can be used to acquire one, including from the UASI program. Police departments rave about the vehicles' "shock and awe" effect saying the vehicles' menacing presence can be enough of a deterrent for would-be criminals. Like Fargo, North Dakota, other cities and towns such as Syracuse, New York[170] and Manchester, New Hampshire[171] have paraded them around town at various community events and parades. Last April, the City of Clovis, California Police Department brought the department's BearCat to the annual Letterman Park Easter Egg Hunt.[172]

Similar purchases abound in jurisdictions large and small and even in those regarded as the safest cities such as Fargo and Santa Barbara. In staff interviews, officials representing urban areas pointed out to different threats and vulnerabilities that exist in their communities. Officials indicated that they would plan for worst-case scenarios that could develop in their community. The National Urban Area Security Initiative Association (NUASIA), a non-profit dedicated to furthering the nation's "preparedness and security," made this point in its August 2011 report on the UASI program: "The need to prepare will no sooner end than the day all risks to the U.S. cease to exist and the U.S. military no longer requires new resources and state and local law enforcement, public health, emergency management and fire service agencies are no longer necessary."[173]

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[168] Robert A. Cronkleton, *Olathe Fire Department Welcomes Robotic Helper*, 913 Johnson County's New Magazine, April 16, 2012, http://joco913.com/news/olathe-fire-department-welcomes-robotic-helper/.

[169] *All Clear at Mall After Package* Scare, KMBC.com, April 30, 2012, http://www.kmbc.com/news/30978968/detail.html

[170] John O'Brien, *Political Opponents Criticize Onondaga County Sheriff for Parading with Anti-terrorism Vehicle*, Syracuse.com, September 10, 2010, http://www.syracuse.com/news/index.ssf/2010/09/political_opponents_criticize.html.

[171] St. Patrick's Parade Committee, "2012 Line of March," http://www.saintpatsnh.com/2012lineofmarch.html.

[172] City of Clovis, CA – Report to the City Council, Monthly Report to the Council, June 20, 2011, http://www.ci.clovis.ca.us/Government/PublicDocuments/Documents/Agenda20110620/CC-G-3.pdf.

[173] *A Report on the Effectiveness of the Urban Areas Security* Initiative, National Urban Area Security Initiative Association, at 3, August 2011, https://thf_media.s3.amazonaws.com/2011/pdf/UASI-Effectiveness-Report.pdf.

Armored Vehicle Spending Spree

Seizing on the opportunity, some vendors now market free grant assistance to law enforcement agencies, and frequently benefit when the grants are used to purchase their goods and services. For example, on its website Lenco Armored Vehicles – the maker of BearCats – promotes "unlimited, personalized grant consulting" and "unlimited reviews of grant applications" to cities. [174] One state official described Lenco as "own[ing] the market on armored vehicles."[175] By providing grant writing assistance with a goal of obtaining most of the funds, contractors like Lenco provide a service that these officials find hard to refuse. Lenco boasts of outfitting over 300 law enforcement agencies across the country with its $250,000 vehicles, saying that the majority of sales came after September 11, 2001.[176]

Peacekeeper vehicle owned by Pinellas County Sheriff's Office in Florida

In response to written questions from staff, Lenco officials confirmed that the company often "provided some level of assistance for all Homeland Security grants which list the BearCat on the Approved Equipment List."[177] Lenco also provides an eight-page guide to grantwriting and grant template materials to local and entities seeking grant support.[178] Lenco officials also explained that grant funding "often plays a role in the procurement of our vehicles," but that "it is the specific agency who submits and receives the grant, not Lenco."[179]

Lenco told staff it believes that its vehicles are essential to safely respond to "high risk warrants, drug raids, and potential terrorist activity." Not providing these vehicles to local law enforcement, Lenco believes, is similar "to asking your Department of Public Works to collect garbage without a Waste Collection truck."[180]

Lenco has positioned itself as the premier provider of militarized vehicles to law enforcement agencies. Built on a Ford F-550 chassis and reported to have speeds of up to 90 miles per hour, they offer gas mileage of 8 to 10 miles per gallon,[181] Lenco's BearCat is the armored vehicle of choice. One official described the BearCat as the only armored vehicle "that California agencies

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[174] See *Lenco Armored Vehicles: Free Grant Assistance from Lenco Armored Vehicles*, PoliceGrantsHelp.com, http://www.policegrantshelp.com/company-page/Lenco-Armored-Vehicles/.

[175] Staff interview, December 1, 2011.

[176] Andrew Becker and G.W. Schulz, *Local Police stockpile high-tech, combat-ready gear*, Center for Investigative Reporting, December 21, 2011, http://americaswarwithin.org/articles/2011/12/21/local-police-stockpile-high-tech-combat-ready-gear .

[177] Lenco Armored Vehicles responses to written questions from Senator Tom Coburn, June 12, 2012.

[178] Lenco Armored Vehicles. "2012 Grant Writing Help Letter" and "DHS Grant Templates" 2012

[179] Lenco Armored Vehicles responses to written questions from Senator Tom Coburn, June 12, 2012.

[180] Lenco Armored Vehicles responses to written questions from Senator Tom Coburn, June 12, 2012.

[181] Brandon Lowrey, *Carlsbad Police Department Wants an Armored Truck*, North County Times, July 7, 2011, http://www.nctimes.com/news/local/carlsbad/article_bb1ffd93-63d3-540f-9cee-d46a21eccfd3.html

will consider," adding, however, that the first one procured, "got stuck in the mud on its first use."[182]

The need for such advanced tactical vehicles in small towns and cities is something that even those purchasing BearCats have questioned. In Waukesha, Wisconsin, the city council approved using a $200,000 UASI grant for one of the vehicles,[183] but Sheriff Dan Trawicki cast doubt on whether it would really be all that useful. "The practical applications of this vehicle, to be quite honest, are few," Trawicki said. "But there are situations when this will be used."[184]

There are many cases of cities using no-bid contracts to purchase BearCats, raising questions about whether they are as cost-effective as possible. Take for example the City of San Jose Police Department (SJPD) that wanted a sole source procurement of a BearCat to replace a rescue vehicle that the city previously acquired from the U.S Air Force surplus.[185] SJPD acquired its own BearCat despite revealing that four jurisdictions with whom they have a mutual aid agreement—Daly City, Fresno, and Modesto Police Departments and the Placer County Sheriff's Department— already had their own BearCats.[186] Similarly, because Fontana, California considers itself a "top 100 terrorist target," it needed a BearCat. The City of Fontana Police Department then used a "sole source" contract to purchase a BearCat because it is "produced solely by Lenco."[187]

Coast to coast, law enforcement agencies are using a range of tactics to acquire armored vehicles. San Diego officials explained their plans to purchase three armored vehicles with UASI and other DHS funds.[188] One county in state of Washington had used its newly acquired BearCat to pull over drunk drivers.[189] Another jurisdiction has had so much success, it not only purchased a new BearCat, but for the price of a McDonald's McDouble hamburger, Burbank Police sold its armored vehicle, an older-model Peacekeeper, to South Pasadena Police for $1. Burbank decided to offload the vehicle after buying its brand new BearCat using a $275,000 DHS grant.[190] This purchase was perplexing, however, since Burbank has never had to deploy the Peacekeeper vehicle for any missions. Instead it was only ever used for SWAT training exercises.

[182] Staff interview, December 1, 2011

[183] *Minutes of the Judiciary and Law Enforcement Committee February 11, 2011*, WaukeshaCounty.gov, http://www.waukeshacounty.gov/posting/agenda/dateagenda.Asp?CommitteeNum=21&CommitteeName=Judiciary+and+Law+Enforcement+Committee.

[184] Laurel Walker, *Waukesha County Armored Vehicle Pressed into Duty on First Day*, Milwaukee-Wisconsin Journal Sentinel, October 20, 2011, http://www.jsonline.com/news/waukesha/waukesha-county-armored-vehicle-pressed-into-duty-on-first-day-132271283.html.

[185] City of San Jose, Memorandum to Mayor and City Council, May 26, 2006, at: http://www.sanjoseca.gov/clerk/Agenda/050206/050206_02.08.pdf.

[186] Some of cities mentioned are about 1-2 hours away by automobile transportation.

[187] FY2009 Homeland Security Grant Project, DHS 2009 – CBRNE Vehicle, City of Fontana Grant Application, Attachment E, 2009. One of the reasons why Fontana officials are concerned about the terrorism threat is because they are home to one of the two providers of a aluminum product needed to build fighter jets in the United States.

[188] Staff Interview with San Diego UASI officials, November 22, 2011

[189] Barbara Laboe, *Bearcat Armored Vehicle For Region's Law Enforcement Agencies Arrive*," Daily News, July 25, 2012, http://m.tdn.com/news/local/bearcat-armored-vehicle-for-region-s-law-enforcement-agencies-arrives/article_c26d3122-d6c7-11e1-af0f-001a4bcf887a.html

[190] Adolfo Flores, *South Pasadena Buys Armored Vehicle from Burbank for $1*, L.A. Times, January 30, 2012, http://articles.latimes.com/2012/jan/30/local/la-me-0130-armored-vehicle-20120130.

In contrast, when the Sheriff's Office in Pinellas County, Florida wanted an armored vehicle for rescue operations, it shopped around for used vehicles. In the end, the department acquired one from the federal government's surplus, which is loaned to law enforcement agencies at no charge. As the county did not have the budget to buy a new armored vehicle, the Sheriff's Office spent approximately $42,000 (minus labor costs) to rebuild two Peacekeeper vehicles—a much cheaper alternative to buying a BearCat which costs nearly five times as much.[191]

The frugal approach appears to be the exception to the rule, however. The City of Santa Barbara, California purchased a BearCat using DHS grants to cover the full cost. Considered to be one the safest cities, the Santa Barbara police department eagerly accepted the Bearcat after getting approval from the city council. Emphasizing that no city funds would be used in the purchase, the Chief of Police described the transaction as obtaining a vehicle worth $242,910 that is "being donated by the County of Santa Barbara, Office of Emergency Services, as a result of a homeland security grant".[192]

For a large number of jurisdictions, the full cost of the vehicle is taken care of with UASI grant funds, leaving no out of pocket costs. Carlsbad, California Mayor Matt Hall rejoiced that even though his city already had an operational SWAT vehicle, it would get a brand new BearCat from Lenco without paying a thing, "What I think is exciting is that we are taking a 23-year-old vehicle that at some point in time was going to have be put to rest and we are getting a state-of-the-art vehicle for pretty much a free ride."[193]

Escondido, California Councilwoman Olga Diaz was uneasy about her city spending its UASI funds on a BearCat, saying, "Military equipment is meant to be used in times of war, and never against United States citizens. I would just hate to blur that line."[194] In April 2012, Escondido received a BearCat it bought with $246,000 it obtained from the UASI program. But Mayor Sam Abed justified the purchase, saying it cost his town nothing: "If you ask me, 'Should we use the general fund to do this (buy a BearCat),' I say no, but this is federal government money."[195]

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[191] Jim Weiss, Mickey Davis, *How to Rebuild a Peacekeeper*, Hendon Publishing, http://www.hendonpub.com/resources/articlearchive/details.aspx?ID=504.

[192] City of Santa Barbara Council Agenda Report dated July 13, 2010, http://www.santabarbaraca.gov/cap/MG86643/AS86647/AS86655/AS86656/AI90699/DO90700/DO_90700.PDF.

[193] Christina Macone-Greene, *Carlsbad Police Roll Out New Armored Vehicle for their SWAT Unit*, The Coast News, December 29, 2011, http://thecoastnews.com/2011/12/carlsbad-police-roll-out-new-armored-vehicle-for-their-swat-unit/.

[194] Morgan Cook, *Escondido and Oceanside Police to get Military-grade Vehicles*, North County Times, May 1, 2011, http://www.nctimes.com/news/local/sdcounty/article_d108008a-2a4c-504d-96f4-b152b26cf26b.html.

[195] Morgan Cook, *Escondido and Oceanside Police to get Military-grade Vehicles*, North County Times, May 1, 2011, http://www.nctimes.com/news/local/sdcounty/article_d108008a-2a4c-504d-96f4-b152b26cf26b.html.

"Thanks, but no Tanks"

In Keene, New Hampshire residents revolted against the town's plan to acquire a BearCat, developing their own motto – "thanks, but no tanks." Residents viewed the vehicle as an unnecessary purchase even though it is being paid for though a DHS grant worth $285,933.[196] Although the town has had just two murders in the past 15 years, Keene Police Captain Brian Costa argued that "when this grant opportunity came up, it made a whole bunch of geographic sense," since none of the five armored vehicles already in the state are not located in southwestern New Hampshire where Keene is located. He further stated that the vehicle would have been useful during the 2005 floods where the police department lost a cruiser.

Keene Pumpkin Festival, potential terrorist threat?

The grant application for the BearCat cited the 2004 Pumpkin Festival and the 2007 Red Sox Riots, when the Red Sox won the World Series as examples of incidents when the BearCat could be used.[197] The Pumpkin Festival is an annual event with 70,000 visitors, many who come to Keene in hopes of breaking the world record of lighting the most Jack'o'Lanterns. The current world record holder is Boston with 30,128 lit pumpkins.[198] Local law enforcement considers the festival a possible target for terrorists. "Do I think al-Qaeda is going to target Pumpkin Fest? No, but are there fringe groups that want to make a statement? Yes," said Kenneth Meola, Keene Police Chief.[199]

Dubbed a "poster child of waste" by the lone Keene councilman to oppose the purchase, he joined residents who viewed the vehicle as an attempt to militarize the police department in an already safe town. [200]

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[196] Meghan Pierce, *BearCat brouhaha revs up Keene*, Union Leader, February 23, 2012, http://www.unionleader.com/article/20120223/NEWS07/702239959. The $285.933 grant for the BearCat was funding through the Law Enforcement set-aside in the UASI and State Homeland Security Grant Programs.
[197] Cam King, "Keene City Council will revisit $286,000 Homeland Security grant for vehicle," *The Equinox*, February 12, 2012, http://keene-equinox.com/2012/02/bearcat-causes-uproar//
[198] *Keene Pumpkin Festival Kicks Off*, *Associated Press*, October 22, 2011, http://www.boston.com/news/local/new_hampshire/articles/2011/10/22/keene_pumpkin_festival_kicks_off/; Jordan Cuddemi, *22ⁿᵈ Annual Keene Pumpkin Festival Kicks Off Oct. 22*, *The Equinox*, October 19, 2011, http://keene-equinox.com/2011/10/22nd-annual-keene-pumpkin-festival-kicks-off-oct-22/.
[199] Carly Thurlow, *Life of Keene BearCat Examined Further*, The Equinox, February 29, 2012, http://keene-equinox.com/2012/02/life-of-keene-bearcat-examined-further/.
[200] Meghan Pierce, *BearCat brouhaha revs up Keene*, Union Leader, February 23, 2012, http://www.unionleader.com/article/20120223/NEWS07/702239959.

Using Armed Vehicles to Stop Cockfighting in Arizona

A review of Arizona's UASI grant awards shows that several police departments and the Maricopa County Sheriff's Office used UASI grants to purchase armored vehicles.[201] In 2011, the Maricopa County Sheriff's Office used two armored vehicles and a SWAT team to conduct a raid of the residence of a man suspected to be involved in cockfighting. The actor Steven Seagal, who was then filming his television show 'Lawman," participated in the raid and rode in one of the armored vehicles.[202]

Left: Steven Seagal and Maricopa County Sheriff Joe Arapio

Drones: Patrolling the Skies Like Never Before

In addition to armored vehicles, police departments now are also interested in unmanned aerial vehicles—or drones—which they are getting with the use of homeland security funds. Given the proliferation of military drones used in war operations, local police now want similar equipment in their arsenal of crime-fighting tools.

The deployment of these types of surveillance machines raises important questions about American citizens' constitutional rights and the appropriate balance between improving security and freedom. Federal, state, and local policymakers must carefully consider whether new law enforcement tools and strategies protect freedom or threaten civil liberties. The UASI program has been an important front in this debate, as it has helped state and local police departments purchase and deploy unmanned aerial vehicles across the country without careful implications of the long-term implications.

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[201] Some of the purchases of armored vehicles have been reported in the news. For example, on September 12, 2011, The Arizona Republic reported that the Surprise Police Department purchased a Lenco Armed Vehicle. (D.S. Woodfill, *Surprise Police Department gets $276,000 Armored Vehicle*, The Arizona Republic, September 12, 2011). See also: Richard Ruelas, *Phoenix Area May Lose Federal Funds for Security*, The Arizona Republic, September 7, 2011, http://www.azcentral.com/community/phoenix/articles/2011/09/07/20110907phoenix-terrorist-attack-funds-cut.html.

[202] *Now That's Some Warrant*, National Journal, March 24, 2011, http://www.nationaljournal.com/member/hotline/now-that-s-some-warrant-20110324?mrefid=site_search.

The Miami-Dade Police Department, one of the first local police units to deploy drones in the U.S., acquired two drones from Honeywell in 2009. One of the drones was funded by a U.S. Department of Justice grant and Honeywell donated the other for only $1.[203] A spokesperson for the Department has said that residents don't have to worry about stealth aircraft invading their privacy because the UAVs sound like flying lawnmowers. According to recent reports, the drones had not been used a single time since receiving the appropriate permits.[204]

Montgomery County Sheriff's Office in Texas: Chief Deputy Randy McDaniel of the sheriff's office said the $300,000 ShadowHawk drone - purchased from Vanguard Defense Industries - will take to the skies in the coming months to provide another tool in the law-enforcement arsenal. "It's an exciting piece of equipment for us," he said. "We envision a lot of its uses primarily in the realm of public

However, it was probably the Houston Police Department that was the first to attempt to purchase UAVs. Amid privacy concerns, the Houston Police Department in 2007 was forced to abandon its plans to acquire a drone. At the time, the police chief defended the purchase saying that it could be used to issue traffic tickets.[205]

The Arlington Police Department in Texas had a different outcome and was able to secure a DHS grant to obtain a drone that was deployed during the Super Bowl in 2011 to help with security.[206] The police department later searched for funds to continue operating the drone which it hoped to full-time for search and rescue operations and to investigate traffic accidents.

Manufacturers such as Vanguard Defense Industries and Draganfly Innovations Inc. have taken to advising law enforcement about the availability of federal grants to purchase drones. In fact, Draganfly Innovations has a dedicated Grant Assistance Specialist to "provide grant writing support, consultation, and assistance to qualified agencies."[207] Similarly, with a link directly to FEMA grants, Vanguard notes on its website that "by nature of the Shadowhawk's unique capabilities, federal, state and local law enforcement agencies can obtain 100% funding to purchase and maintain a UAS of their own".[208]

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[203] Eric Lach, *Miami Police Could Become First to Use Drones in a U.S. City*, TalkingPointsMemo.com, January 7, 2011, http://tpmmuckraker.talkingpointsmemo.com/2011/01/miami_police_could_become_first_to_use_drones_in_a.php

[204] Ana Campoy, *The Law's New Eye in the Sky: Police Departments' Use of Drones is Raising Concerns about Privacy and Safety*, Wall Street Journal, December 13, 2011, http://online.wsj.com/article/SB10001424052970204319004577088891361782010.html,

[205] Jillian Rayfield, *One Nation Under the Drone: The Rising Number of UAVs in American Skies*, December 22, 2011, http://tpmmuckraker.talkingpointsmemo.com/2011/12/one_nation_under_the_drone.php.

[206] Susy Solis, *Arlington Police Putting Eye in the Sky*, May 5, 2011, http://www.nbcdfw.com/news/local/Arlington-PD-Putting-Eye-in-the-Sky-121285374.html.

[207] Draganfly website, *Draganflyer X6*, http://www.draganfly.com/uav-helicopter/draganflyer-x6/ (last accessed June 20, 2012).

[208] Vanguard Defense website, *Law Enforcement*, http://vanguarddefense.com/public-safety/law-enforcement/ (last accessed June 20, 2012).

The Seattle Police Department used nearly $80,000 in UASI funds to purchase a DraganFlyer X6 helicopter, though it insists it is not a drone.[209] Officer Reuben Omelanchuk downplayed the concerns saying the term "drone" doesn't fit in this case: "we don't consider it a drone nor does the FAA consider it a drone."[210] Sgt. Sean Whitcomb, another member of the department, however, similarly tried to explain there were no privacy concerns, but did use the word "drone": "You're not going to see the drone going from one end of downtown to the next following a police pursuit."[211] At a public meeting held in November 2012 to display the new technology, Seattle residents showed up to express their concerns with one man noting, "This is the militarization of our streets and now the air above us."[212]

Despite the controversy, there are questions about its ultimate usefulness in protecting the Seattle area from terrorism. Police officials explained the drone cannot be flown above 400 feet – and for safety reasons not above crowds – and must remain at all times in the sight of both an operator and a second observer.[213] Moreover, it is incapable of carrying anything heavier than two pounds and has a battery life of less than ten minutes.[214] A department spokesman said the Seattle police intend to use it primarily "to take aerial photos of traffic collisions," or possibly for barricade situations.[215]

In Texas, the Montgomery County Sheriff's Department successfully acquired a $300,000 Vanguard's ShadowHawk drone fully paid with UASI dollars.[216] Vanguard, located near Montgomery County, approached the sheriff's department about procuring one of its unmanned systems, according to Chief Deputy Randy McDaniel. In fact, Vanguard helped the Sheriff's department write "a winning grant proposal that allowed the entire cost of acquisition, training, insurance, and maintenance for a period two years to be absorbed in an Urban Areas Security

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[209] Christine Clarridge, *Police Department Demonstrates New Drone, to Help Allay Concerns*, The Seattle Times, April 28, 2012, http://seattletimes.nwsource.com/avantgo/2018090173.html; Kaminsky, Jonathan, "Seattle police plan for helicopter drones hits severe turbulence," *Reuters*, November 27, 2012, http://articles.chicagotribune.com/2012-11-27/news/sns-rt-us-usa-drones-seattlebre8aq10r-20121127_1_drones-helicopters-law-enforcement.

[210] *Seattle Police Demonstrate New Unmanned Aerial Vehicle*, The Seattle Times, http://www.uasvision.com/2012/05/03/seattle-police-department-gets-draganflyer/

[211] Josh Kerns, *SPD Insists Drones Won't be Used for Spying*, MyNorthwest.com, April 24, 2012, http://mynorthwest.com/11/666679/SPD-insists-drones-wont-be-used-for-spying.

[212] Clarridge, Christine, "Protesters steal the show at Seattle police gathering to explain intended use of drones," *The Seattle Times*, October 25, 2012, http://seattletimes.com/html/localnews/2019526462_drones26m.html.

[213] Christine Clarridge, *Police Department Demonstrates New Drone, to Help Allay Concerns*, The Seattle Times, April 28, 2012, http://seattletimes.nwsource.com/avantgo/2018090173.html.

[214] Christine Clarridge, *Police Department Demonstrates New Drone, to Help Allay Concerns*, The Seattle Times, April 28, 2012, http://seattletimes.nwsource.com/avantgo/2018090173.html.

[215] Christine Clarridge, *Police Department Demonstrates New Drone, to Help Allay Concerns*, The Seattle Times, April 28, 2012, http://seattletimes.nwsource.com/avantgo/2018090173.html.

[216] Jillian Rayfield, *One Nation Under the Drone: The Rising Number of UAVs in American Skies*, December 22, 2011, http://tpmmuckraker.talkingpointsmemo.com/2011/12/one_nation_under_the_drone.php.

Initiative (UASI) grant."[217] On the heels of this success, other agencies such as Harris County Sheriff's Department have also shown interest in a similar acquisition. However, a Vanguard representative lamented that sales of drones would likely be affected given that federal grants are dwindling.

Long-Range Acoustic Device (LRAD)

Local police departments used $90,000 in UASI and other DHS funds to purchase "Long-Range Acoustic Devices (LRAD)" machines.[218] LRAD machines were originally developed for use by the military as a non-lethal way to repel adversaries, including Iraqi insurgents or pirates, by making a loud and intense sound that is capable of damaging hearing.[219] Law enforcement agencies have purchased LRAD machines for purposes that include crowd control and issuing message and alerts across vast distances, though its use in terror-related preparedness is questionable.

In 2009, the Pittsburgh police department used its LRAD machine to disperse a crowd that was protesting the G-20 summit.[220] According to the Pennsylvania Emergency Management Agency, the Pittsburgh LRAD was purchased using funds from the "Law Enforcement Terrorism Protection Program," which is funded by both UASI and State Homeland Security Grant program funds.

"There's some misnomers in the media right now that this device here is somehow a sonic cannon, intended to hurt people," explained SWAT Officer Steve Mescan to the Pittsburgh Tribune Review. "It's actually a speaker that delivers an intended message to an intended group of people to disperse and area." However, a college English professor reported that she experienced "permanent hearing loss, nausea, pain and disorientation" after the Pittsburgh LRAD incident. She sued the city of Pittsburgh in 2011.[221]

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[217] Doug Wyllie, *IACP 2010: Airborne support for law enforcement that won't break the bank*, PoliceOne, http://www.policeone.com/police-products/tactical/articles/2835617-IACP-2010-Airborne-support-for-law-enforcement-that-wont-break-the-bank/policeOne.com.

[218] Communications with officials from the Pennsylvania Emergency Management Agency.

[219] *DHS helps local police buy military-style sonic devices*, The Washington Times, October 1, 2009, http://www.washingtontimes.com/news/2009/oct/01/police-buy-sonic-device-to-subdue-unruly-crowds/.

[220] Joe Mandak, *Acoustic warfare: Pittsburgh police used sound weapon to disperse G-20 crowds; 1st use in the United States*, Associated Press, October 1, 2009, http://www.cleveland.com/nation/index.ssf/2009/10/acoustic_warfare_pittsburgh_po.html.

[221] Kevin Koeninger, *Professor Sues Pittsburgh for Zapping Her With Weapon Developed to Fight Terrorists*, Courthouse News Service, September 23, 2011, http://www.courthousenews.com/2011/09/23/40010.htm.

In 2009, the San Diego County Sheriff stationed its LRAD device at the town-hall meetings of Rep. Darryl Issa (R-CA), Rep. Susan Davis (D-CA), and Rep. Duncan Hunter (R-CA), which drew conservative and liberal protestors.[222] The San Diego sheriff's stated that the LRADs were in place so they "could use the LRAD in place of pepper spray" if there were problem at the event, which there was not.

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[222] Kimberly Dvorak, *Military LRAD devices placed at San Diego town halls come under fire*, Examiner, September 15, 2009, http://www.examiner.com/county-political-buzz-in-san-diego/military-lrad-devices-placed-at-san-diego-town-halls-come-under-fire.

Part 4: FEMA Ineffectively Manages Grant Programs

FEMA Seeking Increase for FY2013 Despite Billions in Unspent Funds

DHS reports that more than $8.3 billion previously awarded across its grant portfolio remained unspent as of January 2012.[223] In a bulletin intended to get states and localities to quickly spend grant funds, DHS Secretary Janet Napolitano pointed out that "these funds are not idle."[224] Yet, the day before FEMA announced its fiscal year 2012 awards, a senior official explained to this office that the agency is "force feeding" money to eligible jurisdictions and went on to say that some may have no idea what to spend the money on.[225] Without stronger controls in place, spending money quickly increases the likelihood the money will lead to waste.

In the same bulletin, DHS used a new argument for awarding terror-prevention grants, only it was not related to risk. The agency characterized the grants as a stimulus package, which it argued was needed given the "current economic situation and the need for further fiscal stimulus."[226] To achieve this, DHS plans to expedite spending in a number of ways:

> (1) hiring additional federal employees and/or contractors to the eliminate backlog of certain reviews;
> (2) expanding allowable expenses and activities for certain grant programs;
> (3) waiving cost-match requirements for certain grants; and
> (4) waiving certain program requirements subject to FEMA approval.

For example, FEMA would allow grant recipients to use more than 50 percent of grant funding for personnel costs related to administration of its grants at the state and local level.[227] While some of the unspent funding was committed to projects already underway, FEMA did not know how much is simply sitting idle. Expediting grant spending in this manner is akin to orchestrating a fire sale where everything must go no matter the cost.

Despite the billions in unspent grants, the administration is seeking $1.5 billion[228] for its state and local grant programs – a nearly 40 percent increase over its FY2011 funding level.[229] How, if at all, FEMA's grant funds have helped to build preparedness capabilities, reduce risk, or enhance the nation's ability to respond to and recover from a terrorist attack or natural disaster is a significant question considering the agency has no metrics to prove the impact or lack thereof to warrant further spending.

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[223] Department of Homeland Security, *Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding*, February 13, 2012, www.fema.gov/pdf/government/grant/grant_guidance_021312.pdf.

[224] Department of Homeland Security, *Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding*, February 13, 2012, http://www.fema.gov/pdf/government/grant/grant_guidance_021312.pdf.

[225] Staff interview with FEMA official, February 17, 2012.

[226] Staff interview with FEMA official, February 17, 2012.

[227] Staff interview with FEMA official, February 17, 2012.

[228] Department of Homeland Security, *FY2013 Budget in Brief*, http://www.dhs.gov/xlibrary/assets/mgmt/dhs-budget-in-brief-fy2013.pdf.

[229] Based on analysis by staff of Senator Tom Coburn.

Ten years and billions of dollars since the September 11th attacks, many are asking is the nation safer and better prepared and if not, how much more money is needed to be adequately prepared. Instinctively, FEMA and its advocates declare that the nation is safer because of all the spending. The primary premise of providing grant dollars is to invest in security measures that reduce risk and stem the resulting losses from a potential attack. Yet, FEMA cannot demonstrate how UASI dollars (or for that matter, any other homeland security grant dollars) have helped to buy-down risk and enhance the nation's ability to prevent, respond to, or recover from manmade attacks or natural disasters.

When attempting to reduce risk, it is important to demonstrate how investments have helped to reduce risk and the consequences of a catastrophe occurring. However, for the past nine years, FEMA has continued to award money, but routinely failed to assess how security measures purchased with UASI dollars, for example, have helped to buy-down risk. Government auditors have called this the "achilles heel" of the program.[230] At a recent congressional hearing, Corey Gruber, Assistant Administrator, FEMA's National Preparedness Directorate concurred, "We must be able to more effectively measure our progress and report the impact of our investments and actions on risk."[231] To this point, while DHS has developed a risk model that factors threats, vulnerabilities, and consequences of an attack to determine which areas are eligible for funding and how much, neither DHS nor FEMA takes into account what impact past risk mitigation investments—such as purchasing bomb detection robots—have had on reducing risk.

Absent any consideration of past investments in the equation, it is questionable whether continued investments are needed and at the same levels. In a review of a separate homeland security grant program, GAO found that failing to account for security investments in the risk model could lead to inaccurately identifying the same potential target as highest risk again and again.[232] FEMA agreed with GAO's recommendation to adjust the vulnerability index in its risk model to account for how security improvements affect vulnerability saying that it is a goal for its risk methodology. It is imperative that FEMA take steps to achieve this goal for all its grant programs that give out federal funding to reduce risks.

While the financial and insurance industries have created models that assess the costs and benefits of mitigating risk, FEMA struggles to develop meaningful, quantifiable metrics that assess the effectiveness of security measures. In fact, after spending at least $25 million, FEMA unsuccessfully attempted three times to develop a system to measure the effectiveness of its grant programs. It is unclear why FEMA continues to have difficulty in doing so considering the experience and expertise of the private sector that is available to inform FEMA's own efforts.

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[230] Williams Jenkins, Director of Homeland Security and Justice issues,, Governmental Accountability Office (GAO), Transcript of Hearing on Oversight of Homeland Security Grants, House Homeland Security Subcommittee on Emergency Preparedness, Response and Communications, March 20, 2012, http://homeland.house.gov/hearing/subcommittee-hearing-ensuring-transparency-efficiency-and-effectiveness-homeland-security.

[231] Corey Gruber, Assistant Administrator for the National Preparedness Directorate – FEMA, Transcript of Hearing on Oversight of Homeland Security Grants, House Homeland Security Subcommittee on Emergency Preparedness, Response and Communications, March 20, 2012, http://homeland.house.gov/hearing/subcommittee-hearing-ensuring-transparency-efficiency-and-effectiveness-homeland-security.

[232] GAO, *Port Security Grant Program: Risk Model, Grant Management, and Effectiveness Measures Could be Strengthened*, GAO-12-47, November 17, 2011, http://www.gao.gov/assets/590/587142.pdf.

Faced with unending vulnerabilities and possible threats but constrained by limited resources, assessing the costs and benefits of investing in security measures or other preparedness capabilities requires that FEMA and its UASI proponents face some tough questions. Researchers John Mueller and Mark Stewart articulated this point saying that "[i]t is clearly time to examine massive homeland security expenditures in a careful and systematic way, applying the kind of analytic risk management approaches emphasizing cost-benefit analysis and determinations of *acceptable and unacceptable risks* that are routinely required of other governmental agencies and that have been standard coin for policy decision-making for decades throughout the world".[233]

It is difficult to justify continued spending without a quantitative assessment. In fact, the absence of a quantitative assessment led GAO, last year, to recommend that Congress consider limiting preparedness grant funding until FEMA has implemented a system. Doing so could go a long way towards better prioritizing scarce federal dollars to where the need is greatest and reduce the likelihood of unnecessary and questionable spending sprees.[234] FEMA now says it has developed metrics by which to assess the effectiveness of grant spending, but the metrics which were due to Congress in December 2011, remained in review between DHS and the Office of Management and Budget as of July 2012.

FEMA Commits Additional Federal Dollars to Sustain Preparedness Capabilities

Contrary to its initial intent, UASI, like other DHS grant programs, has evolved from providing funds to *build* preparedness capabilities to helping urban areas *sustain* capabilities. This represents a sea change in the program's purpose from one of plugging gaps in the short-term to funding projects over the long-term. In a memo dated November 20, 2009, FEMA noted various program changes that would permit the use of FEMA preparedness grant funds for maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees are allowable under all active and future grant awards."[235]

According to FEMA, these changes were being made to ensure more federal dollars were available to beneficiaries of UASI and other grant programs to sustain the capabilities they had acquired with federal dollars.

Although DHS requests that grant recipients articulate their plans to sustain capabilities when submitting projects for review and approval, invariably grantees address this issue in general terms and it is apparent that their contingency plan mostly consists of relying on the federal government to continue to subsidize their budgets.

The DHS Inspector General began sounding the alarm on this issue in 2011 when it found that states and local jurisdictions had not identified contingency plans to sustain projects should federal funding be eliminated or reduced. We also found this to be the case for some of the

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[233] John Mueller and Mark G. Stewart, *Terror, Security, and Money: Balancing the Risks, Benefits, and Costs of Homeland Security*, March 20, 2011, http://www.polisci.osu.edu/faculty/jmueller/MID11TSM.PDF.

[234] GAO, Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue, GAO-11-318SP, March 2011, http://www.gao.gov/new.items/d11318sp.pdf.

[235] DHS-FEMA, *Grant Programs Directorate Information Bulletin No. 336*, November 20, 2009, http://www.fema.gov/pdf/government/grant/bulletins/info336.pdf.

jurisdictions that we spoke to in the course of this inquiry. For example, officials in Minneapolis told us with the expected reductions in federal grants, the area is now trying to develop a plan to sustain its fusion center which has depended greatly on UASI funds.[236]

At a recent Congressional hearing, the DHS Inspector General reiterated that sustainment is proving to be a growing trend in recent audits of Florida, Minnesota, New York and Nevada.[237] For example, the DHS IG pointed out that federal grants dollars could be at risk because local California UASI jurisdictions "did not have an assured source of funds to complete and operate [regional communications] systems" that were acquired using DHS grants. [238] Added to this, California fusion center directors also lamented about the demise of fusion centers saying that "centers would be closed if federal funds were not available because neither the state nor local communities could allocate the resources needed to operate the centers."[239]

The California Emergency Management Agency responded that the state "is experiencing dire financial circumstances and is seeking continued federal assistance consistent with the importance of the national priority for information sharing."[240] This reaction ignores the realities of the dire financial constraints facing the federal government and only serves to underscore the increasing perception that DHS grants have become entitlement programs with funds that will continue to flow year after year. In fact, the DHS IG noted that "DHS [grant] funding provided [….] over the past several years has created a perception that this funding will continue indefinitely as would be the case for entitlement programs, such as Medicare and Social Security.[241]

This perception was reinforced by FEMA's recent move to expedite the spending of billions of unspent homeland security grants. FEMA issued guidance on February 13, 2012 encouraging grantees to shift spending patterns to instead sustain existing prepared capabilities rather than acquire or expand capabilities.[242] To that end, FEMA noted that its "polic[ies] on maintenance and sustainment will be expanded" so that grant funds can be used to sustain equipment,

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[236] Staff interview on November 1, 2011.

[237] Testimony of Anne L. Richards before the Committee on Homeland Security, *Ensuring the Transparency, Efficiency, and Effectiveness of Homeland Security Grants*, March 20, 2012, http://homeland.house.gov/sites/homeland.house.gov/files/Testimony%20Richards.pdf.

[238] Department of Homeland Security, *The State of California's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008*, OIG-11-46, February 23, 2011, http://www.oig.dhs.gov/index.php?option=com_content&view=article&id=115&Itemid=66.

[239] Department of Homeland Security, *The State of California's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008*, OIG-11-46, February 23, 2011, http://www.oig.dhs.gov/assets%5CMgmt%5COIG_11-46_Feb11.pdf.

[240] Department of Homeland Security, *The State of California's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008*, OIG-11-46, February 23, 2011. http://www.oig.dhs.gov/assets%5CMgmt%5COIG_11-46_Feb11.pdf.

[241] Department of Homeland Security, *The State of California's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008*, OIG-11-46, February 23, 2011. http://www.oig.dhs.gov/assets%5CMgmt%5COIG_11-46_Feb11.pdf.

[242] Department of Homeland Security, *Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding*, February 13, 2012, www.fema.gov/pdf/government/grant/grant_guidance_021312.pdf.

training, and other capabilities regardless of whether these capabilities had been purchased with federal grant funds or others funding sources.[243]

Considering the level of federal spending that has already gone to investments that were poorly planned or otherwise unsound or wasteful, this policy change puts federal dollars at even greater risk of waste as there are limited controls in place to ensure that taxpayer's dollars will not sustain wasteful investments that local jurisdictions made with their own funds.

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[243] Department of Homeland Security, Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding, February 13, 2012, www.fema.gov/pdf/government/grant/grant_guidance_021312.pdf.

Part 5: Conclusion and Recommendation

As part of the agency's grant program reorganization, DHS needs to address how the agency will continue to meet is mission to provide funding to areas with the highest risk of terrorist attacks. The agency will also need to demand that the local and state partners conduct better oversight over the federal funds that they are in charge of managing.

Finally, DHS needs to implement a systematic approach to define and measure the preparedness capabilities it desires, and then assess whether those capabilities are being achieved as effectively and efficiently as possible.

More than ten years after 9/11, the federal budget realities of the United States does not allow us to assume that any taxpayer dollar spent in the name of preparedness is a dollar well spent. Since the list of needs will always exceed the money available, we have to prioritize the biggest risks and steer funding to those cities and urban areas. Transforming UASI into an entitlement program for states, rather than a program that protect our cities from terrorists, is in fact the failure of imagination we were warned about by the 9-11 Commission.

Our inquiry demonstrates a number of basic facts regarding the implementation of the UASI grant program:

- The number of urban areas funded under UASI, while fluctuating from year to year, has grown since the program's inception, resulting in resources being diverted from the most at-risk cities and urban areas.

- Wide latitude is given to states and urban areas to determine the projects they will fund, and program parameters defining what constitute allowable expenses are extremely broad. This has resulted in many states and urban areas using homeland security grant funds to make questionable purchases or offset costs that otherwise would have been borne by state and local governments.

- While DHS recently established its first National Preparedness Goal, it has yet to develop a robust assessment of the nation's current preparedness capabilities or defined performance metrics to assess the effectiveness of federal expenditures made to date.

DHS is now proposing a major reorganization of all of its grant programs, including UASI, into a single grant program along with a request for an additional $1.5 billion in funding. This proposal offers an opportunity to pause and reassess a set of fundamental questions that are key to improving the effectiveness and accountability of taxpayer funds used to prepare and secure the nation from the threat of terrorist attacks.

How will DHS meet its fundamental mission to provide funding to the areas at *highest* risk of terrorist attacks for *validated* needs that enhance *national* goals? How will DHS better ensure that effective oversight of these funds takes place at the federal, state, and local level? Finally, how and when will DHS implement a systematic approach to define and measure the preparedness capabilities it desires, and then assess whether those capabilities are being achieved as

effectively and efficiently as possible? Failure by Congress to demand answers to these questions will continue to place billions of dollars in taxpayer money at risk and will perpetuate the structural deficiencies our review of this program has identified.