



Department of Homeland Security Office of Inspector General

Use of American Recovery and Reinvestment Act Funds by the Federal Emergency Management Agency for the Transit Security Grant Program



American Recovery and Reinvestment Act of 2009



Homeland
Security

Preface

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audits, inspections, and special reports prepared as part of our oversight responsibilities for programs, grants, and projects administered by the department under the *American Recovery and Reinvestment Act of 2009*.

This report presents information on the status of Recovery Act funds used by the Federal Emergency Management Agency under the Transportation Security Grant Program and whether FEMA was administering the Recovery Act funds for the TSGP according to program plans and requirements.

The recommendation herein has been developed to the best knowledge available to our office, and has been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

for 

Anne L. Richards

Assistant Inspector General for Audits

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Abbreviations

DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
GAO	General Accountability Office
OIG	Office of Inspector General
OMB	Office of Management and Budget
TSA	Transportation Security Administration
TSGP	Transit Security Grant Program

OIG

*Department of Homeland Security
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Executive Summary

The *American Recovery and Reinvestment Act of 2009* provided \$610 million to the Federal Emergency Management Agency, of which \$150 million was for the Transportation Security Grant Program. The purpose of the Transportation Security Grant Program is to help transit and rail operators to protect critical surface transportation infrastructure and the traveling public from acts of terrorism, major disasters, and other emergencies.

Our objective was to determine whether the Federal Emergency Management Agency administered the *American Recovery and Reinvestment Act* funds for the Transportation Security Grant Program according to plans and requirements.

The Federal Emergency Management Agency is administering the Transportation Security Grant Program in accordance with plans and requirements. As of September 30, 2009, the agency had obligated 100% of the *American Recovery and Reinvestment Act* funds appropriated for the Transportation Security Grant Program by awarding 19 grants. Federal Emergency Management Agency reports show that grantees had outlays of grant funds of approximately \$22 million dollars or approximately 15% of funds awarded as of October 4, 2010. Recipients reported to the federal government that they had created or retained 215 jobs as June 30, 2010, the most recent federal reporting period.

We are recommending that the Federal Emergency Management Agency incorporate systems to collect information necessary to measure the effectiveness of the Transportation Security Grant Program.

Background

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) appropriated to the Department of Homeland Security (DHS) \$2.75 billion for preserving and stimulating economic growth in the United States. Of that amount, the Federal Emergency Management Agency (FEMA) received \$610 million, of which \$150 million was for Public Transportation Security Assistance and Railroad Security Assistance. Grants for this assistance are funded under FEMA's Transportation Security Grant Program (TSGP), which is authorized by sections 1406 and 1513 of the *Implementing Recommendations of the 9/11 Commission Act of 2007* (P.L. 110-53). The Recovery Act requires DHS to obligate the grant funds by September 30, 2010.

FEMA awarded grants to eligible transit agencies and railroad carriers (hereinafter referred to as transit agencies) for operational packages and capital projects. Eligible transit agencies may also apply for grants on behalf of law enforcement agencies with dedicated transit bureaus. To be eligible for a grant, transit agencies must either have undergone a security assessment conducted by the Transportation Security Administration (TSA) or developed or updated their security plan within the past 3 years. FEMA and TSA have identified 120 transit agencies in 33 states as eligible for TSGP grants.

According to FEMA guidance, operational packages cover activities such as hiring law enforcement officers for K-9 units, installing mobile explosive screening, and hiring antiterrorism teams. FEMA allocated \$100 million to finance operational packages. FEMA allocated \$50 million to finance capital projects for asset hardening, such as reinforcing tunnels and underground facilities, installing surveillance systems, and putting in perimeter security. For both operational and capital projects, FEMA and TSA assessed risk on the basis of threat, vulnerability, and consequence factors.

To qualify for operational packages, transit police forces or law enforcement providers must (1) employ at least 100 authorized enforcement positions dedicated to transit security as of January 1, 2009, and (2) limit funding requests to no more than 5% of the force's current authorized sworn positions. As a prerequisite for capital projects, transit agencies must have certified that the project will begin within 90 days and be completed within 24 months of FEMA's release of approved grant funds.¹

¹ After FEMA approves capital projects, it withholds the release of funds to the grantee until it also approves, if applicable, plans for historic preservation and/or environmental impact.

Office of Management and Budget (OMB) Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, requires federal agencies to submit plans for each program funded by the Recovery Act. The plan must include information on the goals and objectives of the program; kinds and scope of activities to be performed; delivery schedule; measures of program outputs, outcomes, and efficiency; and program monitoring processes.

A June 2009 Government Accountability Office (GAO) review of the TSGP² said that FEMA needed to establish a plan for monitoring the use of grant funds. According to GAO, the plan should show how FEMA would systematically collect data and track grant activities until FEMA's grant management system can perform those functions, and should include steps and milestones for measuring the effectiveness of the TSGP and its administration.

Results of Review

FEMA is administering the Recovery Act TSGP according to plans and requirements. However, it has not yet implemented a process to collect and analyze grant program performance measures identified in its Recovery Act plan for TSGP. FEMA and recipient reports show that grantees have spent approximately \$22 million, or 14.76% of total grant awards, and have funded 215 jobs as of October 4, 2010. These matters are discussed in further detail below.

Grant Awards and Project Status

FEMA obligated the \$150 million through the award of 19 grants by September 30, 2009. Specifically, FEMA received and rated 15 grant applications for operational packages and awarded grants totaling approximately \$78 million. Regarding capital projects, 48 transit agencies submitted proposals. For high-risk capital projects that could be completed with Recovery Act funds alone, FEMA and TSA awarded four grants totaling \$72 million³. Table 1 presents TSGP grants awarded with Recovery Act funds.

² *Transit Security Grant Program, DHS Allocates Grants Based on Risk, but Its Risk Methodology, Management Controls, and Grant Oversight Can Be Strengthened* (GAO-09-491).

³ FEMA reallocated the remaining \$22 million in available operational funds (\$100 million less \$78 million) to capital projects, thereby increasing the capital funding from \$50 million to \$72 million.

Table 1. TSGP Grants Awarded With Recovery Act Funds		
Grantee	Award	
	Type	Amount
Metropolitan Council of Minneapolis	Operational	\$1,328,700
King County, WA, Dept. of Trans.	Operational	1,906,530
National Railroad Passenger Corp. (Amtrak)	Operational	6,343,500
Dallas Area Rapid Transit	Operational	1,362,690
Metro Transit Authority, Harris County, TX	Operational	3,040,560
Chicago Transit Authority	Operational	4,869,000
Delaware River Port Authority	Operational	2,085,000
Niagara Frontier Trans.	Operational	2,234,070
Southeastern Pennsylvania Trans. Authority	Operational	4,458,870
Greater Cleveland Regional Trans. Authority	Operational	1,396,830
Northeast Illinois Railroad Corp.	Operational	1,670,988
Metro Atlanta Rapid Transit Authority	Operational	685,980
Metro Trans. Authority of New York	Operational	35,904,000
Puerto Rico Department of Trans.	Operational	965,193
Washington Metro Area Transit Authority	Operational	9,560,064
Subtotal Operational Projects		<u>77,811,975</u>
Metropolitan Trans. Authority of New York	Capital*	11,813,686
San Francisco Bay Area Rapid Transit District	Capital*	5,143,219
The Port Auth. of New York and New Jersey	Capital*	48,286,592
Chicago Transit Authority	Capital*	6,944,528
Subtotal Capital Projects		<u>72,188,025</u>
Total All Projects		<u>150,000,000</u>
* Recipients started all capital projects within 90 days of FEMA release of funds.		

Grant progress in terms of outlays and jobs is not significant. As of October 4, 2010, FEMA reported grantee outlays of approximately \$22 million, about 14.76% of total project awards. Recipients reported that about 215 jobs were created or retained⁴ as of the last quarterly reporting period⁵ ending June 30, 2010. Outlays and jobs are summarized in table 2.

⁴ According to OMB Memorandum M-09-15, jobs created are positions that are both created and filled or previously existing unfilled positions that are filled. Retained positions are previously existing filled positions that are retained as a result of Recovery Act funding.

⁵ Section 1512 of the Recovery Act requires recipients to submit quarterly reports that include information on funds expended and jobs created and retained.

Table 2. TSGP – Status of Funds and Jobs			
Grantee	Description		
	Obligation ¹	Outlays ¹	Jobs ²
Metropolitan Council of Minneapolis	\$1,328,700	\$221,038	5
King County, WA, Dept. of Trans.	1,906,530	457,518	5
National Railroad Passenger Corp. (Amtrak)	6,343,500	0 ³	12
Dallas Area Rapid Transit	1,362,690	39,012	0
Metro Transit Authority, Harris County, TX	3,040,560	402,473	10
Chicago Transit Authority	4,869,000	0	0
Delaware River Port Authority	2,085,000	391,205	8
Niagara Frontier Trans.	2,234,070	388,815	6
Southeastern Pennsylvania Trans. Authority	4,458,870	843,885	12
Greater Cleveland Regional Trans. Authority	1,396,830	106,698	3
Northeast Illinois Railroad Corp.	1,670,988	361,499	6
Metro Atlanta Rapid Transit Authority	685,980	0	0
Metro Trans. Authority of New York	35,904,000	0	0
Puerto Rico Department of Trans.	965,193	0	0
Washington Metro Area Transit Authority	9,560,064	1,058,080	59
Metropolitan Trans. Auth. of New York	11,813,686	0	0
San Francisco Bay Area Rapid Transit District	5,143,219	0	0
The Port Auth. of New York and New Jersey	48,286,592	17,871,852	89
Chicago Transit Authority	6,944,528	0	0
Totals	150,000,000	22,142,075	215

¹As of October 4, 2010, according to a FEMA weekly status report on Recovery Act programs.
²As of June 30, 2010, according to recipients Section 1512 quarterly report.
³FEMA does not disburse funds to Amtrak because, according to the 9/11 Act, FEMA transferred the grant funds to the Department of Transportation for administration after it made the grant award. FEMA, however, still retains responsibility for monitoring grant activities. According to its June 30, 2010, Section 1512 quarterly report, Amtrak had expenditures of \$300,724.

Tracking Grant Program Performance

FEMA’s May 15, 2009, Recovery Act Plan for TSGP named five key performance indicators, such as number of operation packages completed, that it would use to measure the effectiveness of grant performance. Since then, FEMA has identified nine additional performance measures, such as percentage of drawdowns (funds received) as a function of available funds, which it would use in conjunction with the original measures. The new measures are pending approval by senior FEMA management. According to FEMA, these additional measures will allow performance data to be collected at a more granular level and provide improved performance oversight of the grant program. (All measures are listed in appendix C.)

FEMA, however, has not yet implemented a system to collect performance information or to report performance results. The GAO report on the TSGP identified this need for plans and systems to monitor the use of grant funds and assess the effectiveness of the grant program. Even though FEMA needs information on grant performance to measure overall program effectiveness, it has not yet implemented the GAO recommendations.

Recommendation

We recommend that the Assistant Administrator, Grant Programs, include mechanisms to collect data necessary to evaluate the performance measures for TSGP grants awarded with Recovery Act funds.

Management Comments and OIG Analysis

FEMA Comments to the Recommendation:

Concur: FEMA said that it is moving “forward with a well-established monitoring plan and the data collection tools necessary to execute the plan.” FEMA also replied that it had developed and recommended performance measures to be used for the TSGP; but that the measures are still under review by FEMA leadership to determine the most efficient way to incorporate them into the TSGP guidance.

FEMA has also developed the input data for these measures and incorporated it into the current electronic monitoring database questions providing a process to collect data and gauge performance. FEMA updates this database continuously and it is currently used by program staff for the execution of program monitoring.

OIG Analysis:

The response provided by FEMA describes actions that will be sufficient to resolve this recommendation. However, we will track the recommendation as unresolved and open until FEMA provides us with the target dates for when the new measures will be approved by its leadership and incorporated into guidance for the TSGP, or evidence that the actions have been completed.

Appendix A

Purpose, Scope, and Methodology

Our objective was to determine (1) whether FEMA was administering Recovery Act funds for the TSGP according to program plans and requirements, and (2) the status of the TSGP funds and projects. We:

- Reviewed applicable laws, regulations, policies, and internal directives FEMA used to administer and monitor the TSGP;
- Reviewed the approach for TSGP grantee selections to determine if the approach was in accordance with the program guidance;
- Reviewed the TSGP performance and monitoring metrics to determine whether reporting was designed and functioning in accordance with program guidelines and requirements;
- Interviewed officials from FEMA's Grant Program Directorate to obtain information on the administration, management, and oversight of the program; and
- Interviewed recipients of all 19 grants to obtain information on grant status grants and on potential problem areas.

We conducted this audit from February through June 2010 in Washington, DC, under the authority of the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on our audit objectives.

Appendix B Management Comments to the Draft Report

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FEMA

OCT 14 2010

MEMORANDUM FOR: Anne L. Richards
Assistant Inspector General
Office of Inspector General

FROM: David J. Kaufman *Robert G. Saw, FA*
Director
Office of Policy and Program Analysis

SUBJECT: Comments on OIG Draft Report, *Use of American Recovery and Reinvestment Act Funds by the Federal Emergency Management Agency for the Transit Security Grants Program*

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG's) subject draft audit report. As the Federal Emergency Management Agency (FEMA) works toward refining its programs, the OIG's independent analysis of program performance greatly benefits our ability to continuously improve our activities.

FEMA concurs with the draft report's recommendation to *ensure that the plans, policies, and systems implemented in response to the GAO audit include mechanisms to collect data necessary to evaluate the performance measures for TSGP grants awarded with Recovery Act funds.*

FEMA continues to move forward with a well-established program monitoring plan and with the data collection tools necessary to execute the plan.

As noted in your draft report, performance measures have been developed and recommended for the Transit Security Grant Program (TSGP), in collaboration with our partners at the Transportation Security Administration (TSA). FEMA leadership is currently reviewing these measures and how best to incorporate them into the TSGP guidance.

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Appendix B

Management Comments to the Draft Report

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The input data for these measures has been incorporated into the current electronic monitoring database questions providing a process to collect data and gauge performance. This database is continuously updated and is in use by program staff for the execution of program monitoring. The FY 2010 monitoring plan for the TSGP outlines the requirements to monitor each of the Tier I transit agencies, including those that received American Recovery and Reinvestment Act (ARRA) funding. Monitoring visits and data collection are on-going.

Measuring the TSGP and TSGP ARRA grant performance is a top priority for FEMA leadership as we move forward into FY 2011. Emphasis on the collection of appropriate and meaningful performance data drives the execution of the FY 2010 monitoring plan.

Thank you again for the opportunity to comment on this draft report and we look forward to working with you on other issues as we both strive to improve FEMA.

Appendix C
Transit Security Grant Program Performance Measures

Description	
No.	Performance Measure
1.	Number of completed grants for operational packages
2.	Number of grant-financed security patrols operating in the highest density population areas.
3.	Number of operation deterrence projects completed
4.	Percentage of grants for which a closeout report was received within 3 months of the end of the grant period
5.	Number of vehicle/vessel security enhancement projects completed
6.*	Percentage of projects completed
7.*	Percentage change in closed-circuit television (CCTV) TSGP projects
8.*	Percentage of funded transit systems participating in a Regional Transit Security Working Group
9.*	Percentage of drawdowns (funds received)
10.*	Percentage of TSGP CCTV projects completed
11.*	Percentage of drawdowns as a function of available funds
12.*	Ratio of drawdowns to funding/expenditures for completed projects
13.*	Percentage of Biannual Strategy Implementation Reports submitted on time
14.*	Percentage of TSGP training projects completed
*New measure - pending senior management approval.	

Appendix D
Major Contributors

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William Gillies, Audit Manager
Pamela Weatherly, Lead Program Analyst
Jason Kim, Auditor
Hortencia Francis, Program Analyst

Appendix E
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