

GAO

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DEPARTMENT OF
HOMELAND SECURITY

Actions Needed to Reduce
Overlap and Potential
Unnecessary Duplication,
Achieve Cost Savings, and
Strengthen Mission
Functions

Statement of Cathleen A. Berrick, Managing Director
Homeland Security and Justice Issues



G A O

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Highlights of [GAO-12-464T](#), a testimony before the Subcommittee on Oversight, Investigations, and Management, Committee on Homeland Security, House of Representatives

Why GAO Did This Study

The terrorist attacks of September 11, 2001, led to profound changes in government agendas, policies, and structures to confront homeland security threats facing the nation. Most notably, DHS began operations in 2003 with missions that included preventing terrorist attacks in the United States, reducing the nation's vulnerability to terrorism, and minimizing damages from attacks. DHS is now the third-largest federal department, with more than 200,000 employees, and has an annual budget of almost \$60 billion. Since 2003, GAO has issued over 1,200 products on DHS's operations in such areas as transportation security and emergency management, among others. Moreover, GAO has reported that overlap and fragmentation among government programs, including DHS, can cause potential unnecessary duplication, and reducing it could save billions of tax dollars annually and help agencies provide more efficient and effective services. As requested, this testimony addresses (1) opportunities for DHS to reduce potential unnecessary duplication in its programs, save tax dollars, and enhance revenue, and (2) crosscutting and management issues that have affected DHS's implementation efforts. This testimony is based on GAO reports issued from March 2011 through February 2012.

What GAO Recommends

While this testimony contains no new recommendations, GAO previously made about 1,600 recommendations to DHS. The department has addressed about half of them, has efforts to address others, and has taken action to strengthen its operations.

View [GAO-12-464T](#) or key components. For more information, contact Cathleen A. Berrick at (202) 512-3404 or berrickc@gao.gov.

March 8, 2012

DEPARTMENT OF HOMELAND SECURITY

Actions Needed to Reduce Overlap and Potential Unnecessary Duplication, Achieve Cost Savings, and Strengthen Mission Functions

What GAO Found

In March 2011 and February 2012, GAO reported on 6 areas where the Department of Homeland Security (DHS) or Congress could take action to reduce overlap and potential unnecessary duplication, and 9 areas to achieve cost-savings. Of the 22 actions GAO suggested be taken in March 2011 to address such issues, 2 were fully implemented, 14 were partially implemented, and 6 have not been addressed. GAO's February 2012 report identified 18 additional actions to address overlap, potential duplication, and costs savings, including the following examples.

Table 1: Examples of Overlap, Potential Duplication, and Cost Savings Areas

Homeland security grants	DHS lack of oversight contributed to the risk of funding unnecessarily duplicative projects among 4 overlapping programs that in total constituted \$20 billion in grants from fiscal years 2002 through 2011.
Immigration inspection fees	Air passenger immigration inspection fees should be reviewed and adjusted to fully recover the cost of inspection activities conducted by U.S. Immigration and Customs Enforcement (ICE) and CBP.
Border security technology	Delaying proposed border security technology investments until DHS better measures benefits and estimates life-cycle costs could help ensure the most effective use of program funding.
Domestic disaster assistance	DHS could reduce the billions of federal dollars spent on major disasters by adjusting the indicator used for disaster assistance awards and better measuring a state's capacity to respond.
Federal facility risk assessments	Agencies are making duplicate payments by funding their own assessments, and paying the Federal Protective Service millions for assessments it is not performing.

Source: GAO analysis.

In September 2011, GAO reported on three key themes that should be addressed to enhance the effectiveness and efficiency of DHS's operations.

Leading and coordinating the homeland security enterprise. DHS has made important strides in providing leadership and coordinating efforts among its stakeholders. However, DHS needs to take additional action to forge effective partnerships and strengthen the sharing and utilization of information, which has affected its ability to effectively satisfy its missions, such as sharing information with private sector stakeholders on cyber-based threats to critical infrastructure.

Implementing and integrating management functions for results. DHS has enhanced its management functions, and has plans to further strengthen the management of the department. However, DHS has not always effectively executed or integrated these functions, which has contributed to schedule delays, cost increases, and performance issues in a number of programs aimed at delivering important mission capabilities, such as border security technologies.

Strategically managing risks and assessing homeland security efforts. While progress has been made, limited strategic and program planning and limited assessment to inform approaches and investment decisions have contributed to DHS programs not meeting strategic needs in an efficient manner, such as the lack of risk based plans for deploying aviation security technologies.

Chairman McCaul, Ranking Member Keating, and Members of the Subcommittee:

I am pleased to be here today to discuss our work on opportunities for the Department of Homeland Security (DHS) to reduce overlap and potential unnecessary duplication in its programs, save tax dollars, enhance revenue, and address crosscutting and management issues that have affected its mission implementation efforts. Last September, the nation passed the 10-year anniversary of the September 11, 2001, terrorist attacks. The events of that day led to profound changes in government agendas, policies, and structures to confront the homeland security threats facing the nation. Given DHS's significant leadership responsibilities in homeland security, it is critical that its programs are operating as efficiently and effectively as possible, are sustainable, and continue to mature to address pressing security needs.

DHS began operations in 2003 with key missions that include preventing terrorist attacks from occurring within the United States, reducing U.S. vulnerability to terrorism, minimizing resulting damages, and helping the nation recover from any attacks that may occur. DHS is now the third-largest federal department, with more than 200,000 employees, and has an annual budget of almost \$60 billion. We have evaluated numerous departmental programs and efforts since DHS began its operations, and issued more than 1,200 reports and congressional testimonies in areas such as border security and immigration, transportation security, and emergency management, among others. We have made more than 1,600 recommendations to DHS designed to strengthen its operations, such as to improve performance-measurement efforts, strengthen management processes, enhance coordination and information sharing, and increase the use of risk information in planning and resource allocation decisions, as well as to address gaps and challenges in its mission operations that have affected DHS's implementation efforts. As of September 2011, DHS had implemented about half of these recommendations, had actions underway to address others, and had taken additional steps to strengthen its operations. However, as we have previously reported, the department has more to do to ensure that it conducts its missions efficiently and effectively, while simultaneously preparing to address future challenges that face the department and the nation.

In March 2011 and February 2012, we reported on areas across the federal government, including DHS, that had duplicative goals or activities to inform government policymakers as they address the rapidly building fiscal pressures facing our national government.¹ These reports included more than 100 areas, some of which related to homeland security, where agencies, offices, or initiatives had similar or overlapping objectives or provided similar services to the same populations; or where government missions were fragmented across multiple agencies or programs. We reported that overlap and fragmentation among government programs or activities can be harbingers of potential unnecessary duplication and that reducing or eliminating potential unnecessary duplication, overlap, or fragmentation could potentially save billions of tax dollars annually and help agencies provide more efficient and effective services. These reports also included opportunities for federal departments, including DHS, to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury.

Moreover, in September 2011, we issued a report summarizing progress made by DHS in implementing its homeland security missions 10 years after the terrorist attacks of September 11, 2001.² We reported that DHS had implemented key homeland security operations and achieved important goals in many areas to create and strengthen a foundation to reach its potential. We also reported, however, that as DHS continues to mature, more work remains for it to strengthen the efficiency and effectiveness of those efforts to achieve its full potential. As part of this work, we identified three key themes that affected DHS's implementation efforts.

My statement today, as requested, is based on these reports and addresses (1) opportunities for DHS to reduce overlap and potential unnecessary duplication in its programs, save tax dollars, and enhance

¹GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011); *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, [GAO-12-342SP](#) (Washington, D.C.: Feb. 28, 2012); *Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue*, [GAO-12-453SP](#) (Washington, D.C.: Feb. 28, 2012).

²GAO, *Department of Homeland Security: Progress Made and Work Remaining in Implementing Homeland Security Missions 10 Years after 9/11*, [GAO-11-881](#) (Washington, D.C.: Sept. 7, 2011).

revenue, and (2) crosscutting and management issues that have affected DHS's program-implementation efforts.

For these past reports, among other things, we analyzed DHS documents; reviewed and updated our past reports, supplemented by DHS Office of Inspector General (IG) reports, issued since DHS began its operations in March 2003; and interviewed DHS officials. We conducted this work in accordance with generally accepted government auditing standards. More detailed information on the scope and methodology from our previous work can be found within each specific report.

DHS Could Take Actions to Reduce Overlap and Potential Unnecessary Duplication and Achieve Cost Savings

Overlap and Potential Unnecessary Duplication at DHS

Our March 2011 and February 2012 reports identified 6 areas across DHS where overlap or potential unnecessary duplication exists, and 17 specific actions that the department or Congress could take to address these areas. In our March 2011 report we suggested that DHS or Congress take 11 actions to address the areas of overlap or potential unnecessary duplication that we found. Of these 11 actions, 1 has been fully addressed, 4 have been partially addressed, and the remaining 6 have not been addressed. In many cases, the existence of overlap, potential unnecessary duplication, or fragmentation can be difficult to determine with precision due to a lack of data on programs and activities. Where information has not been available that would provide conclusive evidence of overlap, duplication, or fragmentation, we often refer to "potential unnecessary duplication." In some cases, there is sufficient information available to show that if actions are taken to address individual issues, significant financial benefits may be realized. In other cases, precise estimates of the extent of potential unnecessary duplication, and the cost savings that can be achieved by eliminating any such unnecessary duplication, are difficult to specify in advance of congressional and executive-branch decision making. However, given the range of areas we identified at DHS and the magnitude of many of the

programs, the cost savings associated with addressing these issues could be significant. Tables 1 and 2 summarize the areas of overlap and potential unnecessary duplication that we identified at DHS, the actions we identified for DHS and Congress to consider to address those areas, and the status of those actions.³

Table 1: Overlap and Potential Unnecessary Duplication Areas at DHS and Actions Taken since GAO's March 2011 Report

Areas of overlap or potential unnecessary duplication	Actions to consider	Status
<p>DHS oversight could help eliminate potential duplicative efforts of interagency forums in securing the northern border. We reported in March 2011 that DHS does not currently provide guidance or oversight to the DHS components that collaborate with other federal, state, local, tribal, and Canadian law enforcement partners to coordinate and leverage scarce resources through interagency forums, including the Integrated Border Enforcement Team and the Border Enforcement Security Task Force. In addition, we found that DHS did not maintain comprehensive data on the costs of these interagency forums to help it ascertain whether the benefits outweigh the costs.</p>	<p>Action 1: DHS should provide guidance and oversight for interagency forums to help prevent potential unnecessary duplication and strengthen its coordination efforts along the northern border.</p>	<p>○</p>
<p>February 2012 Update: No executive-branch action has been taken on either of our previous recommendations. However, a draft bill has been introduced in Congress that would require DHS to consider whether an Integrated Border Enforcement Team already exists in an area under consideration for a Border Enforcement Security Task Force.^a However, the bill does not address potential unnecessary duplication among existing Integrated Border Enforcement Teams and Border Enforcement Security Task Force units.</p>	<p>Action 2: DHS could lead efforts to develop a framework for identifying costs incurred by forum participants.</p>	<p>○</p>
<p>The Transportation Security Administration's (TSA) security assessments for hazardous material trucking companies overlapped with efforts conducted by the Department of Transportation's (DOT) Federal Motor Carrier Safety Administration (FMCSA). As a result, government resources were not being used effectively. Extrapolating from data from prior years, we estimated that, over the next 5 years, avoiding TSA reviews conducted on companies less than 2 years after a FMCSA review could save approximately \$164,000; avoiding TSA reviews on companies that receive a FMCSA review during the same 5-year period could save approximately \$373,000; and eliminating all TSA reviews on hazardous material trucking companies could save over \$1 million.</p>	<p>Action 1: TSA could discontinue conducting voluntary security reviews on trucking companies.</p> <p>Action 2: TSA could request that the full results of FMCSA security reviews of trucking companies be provided through an existing web portal.</p>	<p>●</p> <p>○</p>

³For the purposes of our reports, we considered "duplication" to occur when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. We used the term "overlap" when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. We used the term "fragmentation" to refer to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need. The presence of fragmentation and overlap can suggest the need to look closer at the potential for duplication. In certain instances in this statement, we use the term "potential duplication" to include duplication, overlap, or fragmentation.

Areas of overlap or potential unnecessary duplication	Actions to consider	Status
<p>February 2012 Update: TSA has fully implemented the option to discontinue conducting security reviews on trucking companies that were covered by the FMCSA program in order to eliminate the short-term overlap between TSA and FMCSA's reviews of hazardous material trucking companies. However, no executive action has been taken on the option we identified for TSA to use FMCSA security information in the DOT web portal that is the same or similar to the data TSA previously collected. Finally, TSA has drafted proposed regulations that would provide full regulatory responsibility from FMCSA for commercial trucking security.</p>	<p>Action 3: TSA and FMCSA should continue efforts toward TSA assuming full regulatory responsibility for commercial trucking security.</p>	
<p>DHS could streamline mechanisms for sharing security-related information with public transit agencies to help address overlapping information. We identified the potential for overlap between three information-sharing mechanisms that DHS funds and uses to communicate security-related information with public transit agencies. Further, these overlapping mechanisms could otherwise unnecessarily complicate those agencies' efforts to discern relevant information and take appropriate actions to enhance transportation security. DHS reported that for fiscal years 2009 and 2010, the department expended \$62 million on one information network—which served multiple audiences and includes a public transit portal—and its estimated lifecycle-costs are \$451 million. However, DHS was unable to estimate the cost for the public transit portal.</p> <p>February 2012 Update: TSA, in coordination with federal and industry stakeholders through an information-sharing working group, launched a report intended to streamline, share, and exchange intelligence and security-related information, among public transit agencies. However, security-related information has not yet been fully incorporated from all three mechanisms we identified as potentially duplicative. In addition, no executive-branch action has been taken on the action we identified that DHS develop and track verifiable cost data to assist TSA in identifying potential cost savings resulting from the consolidation of these mechanisms.</p>	<p>Action 1: DHS and TSA could identify and implement ways to more efficiently share security-related information.</p> <p>Action 2: DHS could develop and track verifiable cost data specific to each of its information-sharing mechanisms.</p>	 
<p>The Federal Emergency Management Agency (FEMA) needs to improve its oversight of grants and establish a framework for assessing capabilities to identify gaps and prioritize investments. From fiscal year 2002 through 2011, Congress appropriated over \$37 billion for homeland security preparedness grant programs to enhance the ability of state, territory, local, and tribal governments to prevent, protect against, respond to, and recover from terrorist attacks and other disasters.^b In March 2011, we reported that FEMA did not compare and coordinate grant applications across its preparedness programs to identify potential unnecessary duplication and that the agency had not established measurable goals or performance measures to assist in effectively prioritizing national investments.</p> <p>February 2012 Update: The actions we identified to address any overlap and potential unnecessary duplication in the agency have been partially addressed. For example, DHS sought to consolidate FEMA's grant programs, including a proposal in the fiscal year 2013 budget request to consolidate most of FEMA's current preparedness grant programs into one comprehensive program. However, to date FEMA had not coordinated application reviews of grant programs. In addition, DHS announced plans to develop and implement a national preparedness system that would enable it to assess capability gaps, but the system remained under development.</p>	<p>Action 1: FEMA should examine grant programs and coordinate application process to eliminate or reduce redundancy.</p> <p>Action 2: Congress may wish to limit grant funding to maintaining capabilities.</p> <p>Action 3: FEMA should complete national preparedness assessment of capability gaps.</p> <p>Action 4: Congress may wish to limit grant funding to only projects that support capability gaps.</p>	   

Legend:

- = Addressed, meaning all actions needed in that area were addressed.
- ◐ = Partially addressed, meaning at least one action needed in that area showed some progress toward implementation, but not all actions were addressed.
- = Not addressed, meaning none of the actions needed in that area were addressed.

Source: GAO.

^aH.R. 915, 112th Cong. (as reported by the Committee on Homeland Security, House of Representatives, Nov. 4, 2011).

^bThis total is based on Congressional Research Service data and GAO analysis and includes firefighter assistance grants and emergency management performance grants. See Congressional Research Service, *Department of Homeland Security Assistance to States and Localities: A Summary of Issues for the 111th Congress*, R40246 (Washington, D.C.: Apr. 30, 2010).

Table 2: Overlap and Potential Unnecessary Duplication Areas at DHS Included in GAO’s February 2012 Report

Areas of overlap or potential unnecessary duplication	Actions to consider
<p>FEMA needs better project information and coordination to identify and prevent potential unnecessary duplication among four overlapping grant programs. Of the \$37 billion in appropriated homeland security preparedness grant programs from fiscal years 2002 through 2011, FEMA allocated about \$20.3 billion to grant recipients through four programs intended to enhance the capacity of states, localities, and other entities to prevent, respond to, and recover from a terrorism incident. However, we found that the four FEMA grant programs had multiple areas of overlap, including overlap among grant recipients, goals, and geographic locations, combined with the limited project information FEMA had available regarding grant funding levels, grant recipients, and grant purposes. Specifically, we found that 140 projects constituting about \$183 million in grant funding lacked sufficient detail to determine whether they were unnecessarily duplicative or had involved coordination to prevent any unnecessary duplication. Upon gathering additional information from state and local grant recipients, however, we determined that none of the projects were duplicative. In its budget request for fiscal year 2013, DHS proposed consolidating most of FEMA’s current preparedness grant programs into one comprehensive program.</p>	<p>Action 1: FEMA should take steps to ensure that it collects project information with the level of detail needed to better identify any potential unnecessary duplication.</p> <p>Action 2: FEMA should explore opportunities to enhance its internal coordination and administration of the programs.</p> <p>Action 3: Congress may want to consider requiring DHS to report on the results of its efforts to identify and prevent unnecessary duplication and consider these results in making future funding decisions for these programs.</p>
<p>Agencies are making duplicate payments for facility risk assessments by completing their own assessments, while also paying the Federal Protective Service (FPS) for assessments that it is not performing. FPS received \$236 million from federal agencies for risk assessments and other security services in fiscal year 2011, but multiple agencies, including DHS, expend additional resources to assess their own facilities. Moreover, DHS has not taken actions to address this unnecessary duplication. Further, it is not clear whether FEMA’s planned risk assessment tool that will be used to complete risk assessments will help minimize the unnecessary duplication. In our February 2012 report, we reiterated two recommendations made in previous reports and suggested additional action to further mitigate duplicative efforts. DHS agreed with our previous two recommendations and has begun action on both, but it did not comment on the new suggested action.</p>	<p>Action 1: FPS should develop interim solutions for completing risk assessments while addressing the risk assessment tool’s challenges.</p> <p>Action 2: FPS should make information about the estimated costs of key activities and the basis for these estimates available to affected parties.</p> <p>Action 3: DHS should work with federal agencies to determine their reasons for duplicating the activities and identify measures to reduce this unnecessary duplication.</p>

Source: GAO.

Cost-Saving and Revenue Enhancing Areas

Our 2011 and 2012 annual reports also identified 9 areas describing other opportunities for DHS or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collection for the Treasury. We identified 23 specific actions that the department or Congress could take to address these areas. In our March 2011 report, we suggested that DHS or Congress take 11 actions to

either reduce the cost of government operations or enhance revenue collection. Of these 11 actions, 1 has been fully addressed and 10 have been partially addressed. In some cases, there is sufficient information to estimate potential savings or other benefits if actions are taken to address individual issues. In other cases, estimates of cost savings or other benefits would depend upon what congressional and executive branch decisions were made, including how certain GAO recommendations are implemented. Additionally, information on program performance, the level of funding in agency budgets devoted to overlapping or fragmented programs, and the implementation costs that might be associated with program consolidations or terminations, are factors that could impact actions to be taken as well as potential savings. Tables 3 and 4 summarize the cost-savings and revenue enhancing areas that we reported on in March 2011 and February 2012.

Table 3: Cost-Saving and Revenue Enhancing Areas at DHS and Actions Taken Since GAO's March 2011 Report

Areas for cost savings or revenue enhancements	Actions to consider	Status
<p>More efficient baggage screening systems could result in about \$470 million in net savings over the next five years based on reduced TSA staffing costs. We found that if TSA continues to replace or modify older systems with more efficient systems, including in-line screening systems, it could reduce full-time equivalent baggage screener positions as a result of investments made in fiscal years 2011 through 2015.</p> <p>February 2012 Update: TSA has partially addressed our suggested action by replacing 60 stand-alone checked baggage screening machines with more efficient in-line screening systems. However, TSA anticipates that over the next 5 years it will support fewer projects to install more efficient systems than in the past due to its shift in strategic focus from completion of optimal airport systems to replacement and upgrade of the aging explosive detection system fleet. As a result, the assumptions that we used to calculate projected potential savings of \$470 million are now outdated. It is unclear when the agency will be capable of completing the installation of more efficient solutions at all airports where such solutions are warranted. While TSA's plans to replace and upgrade its aging explosive detection system fleet are understandable, we believe that TSA should continue to pursue the installation of more efficient screening solutions to the extent possible.</p>	<p>Action 1: TSA should continue to replace or modify older systems with more efficient solutions, including in-line screening systems.</p>	
<p>Clarifying the availability of certain customs fee collections could produce a onetime savings of \$640 million. We reported that Customs and Border Protection (CBP) had \$639.4 million in unobligated balances in its Customs User Fee Account as a result of excess collections from a temporary fee increase and elimination of North American Free Trade Agreement country exemptions from January 1, 1994, to September 30, 1997.</p> <p>February 2012 Update: The House Report accompanying the 2012 Department of Homeland Security Appropriations bill directed the Office of the Chief Financial Officer and CBP to report on the appropriate application of these funds no later than 30 days after the date of enactment of the 2012 Appropriations Act (i.e., Jan. 23, 2012).^a On January 27, 2012, DHS officials stated that the department was working with CBP and the Appropriations Committees to schedule a briefing on this issue.</p>	<p>Action 1: Congress may wish to clarify purposes for which unobligated balances are available given that these balances have remained in CBP's Customs User Fee Account for more than 10 years.</p>	

Areas for cost savings or revenue enhancements	Actions to consider	Status
<p>Independent validation of TSA’s behavior-based screening program is needed to justify funding or expansion. TSA did not validate the science supporting the program or determine if behavior detection techniques could be successfully used across the aviation system to detect threats before deploying the Screening of Passengers by Observation Techniques program. The program has an annual cost of over \$200 million, with about 3,000 Behavior Detection Officers deployed to 161 airports in fiscal year 2010.</p> <p>February 2012 Update: DHS partially addressed our recommendation to complete an initial validation study, but this study’s methodology was not sufficiently comprehensive to validate the program and determine the extent to which it can be used successfully in the aviation environment. In addition, DHS partially addressed our recommendation to conduct additional research on the extent to which the program can be effectively implemented in airports and to help determine the need for periodic refresher training. For example, TSA completed an annual training analysis of its curricula and, as a result, is developing a training plan to be completed by early 2012. Further, Congress froze program funds at fiscal year 2010 levels for fiscal year 2011. According to its fiscal year 2013 budget request, DHS is requesting 72 additional Behavior Detection Officer full-time equivalents. Given the broad scope of the additional work remaining to validate the science for using behavior detection techniques for counterterrorism purposes in an airport environment, additional information on these efforts could help Congress make future funding decisions regarding the program.</p>	<p>Action 1: DHS should use an independent panel of experts to assess methodology of initial validation study.</p> <p>Action 2: DHS could conduct additional research to determine whether program can be effectively implemented and the need for refresher training.</p> <p>Action 3: Congress may wish to limit funding pending independent assessment of program.</p> <p>Action 4: Congress may wish to consider the study’s results in making future funding decisions.</p>	   
<p>DHS management of acquisitions could be strengthened to reduce cost overruns and schedule and performance shortfalls. As DHS’s acquisition spending has increased to over \$14 billion and its portfolio of complex acquisitions continues to expand, most DHS acquisition programs we reviewed have not met cost, schedule, and performance expectations. For example, CBP’s program to modernize its computer application for disseminating data to support port-of-entry inspections did not have a component- or department-approved baseline after more than 6 years.</p> <p>February 2012 Update: DHS partially addressed our recommendation to ensure that requirements and cost estimates are well defined up front by developing plans to address management of acquisitions. For example, DHS reported that it planned to implement an integrated investment life-cycle model to establish a decision-making process for investments’ life cycles and that, as of December 2011, the department had chosen three portfolios to pilot this process. DHS also partially addressed our recommendation to establish and measure performance against department-approved baselines and indicators for major acquisition programs by working to develop a decision support tool to track programs’ cost, schedule, and performance indicators. Further, DHS partially addressed our recommendation to ensure that its investment decisions are transparent and documented by planning to have its Investment Review Board, once established, meet regularly to approve major program decisions. These actions are positive steps that should help strengthen DHS’s acquisition management processes. However, DHS is in the early stages of implementing these actions, thus it is too soon to assess their impact on reducing acquisition cost overruns and schedule and performance shortfalls at this time.</p>	<p>Action 1: DHS should ensure requirements and cost estimates are well defined upfront.</p> <p>Action 2: DHS should establish and measure performance against DHS-approved baselines and indicators.</p> <p>Action 3: DHS should ensure investment decisions are transparent and documented, among other things.</p>	  

Areas for cost savings or revenue enhancements	Actions to consider	Status
<p>Improvements in managing research and development (R&D) could help reduce inefficiencies and costs for homeland security. DHS has experienced challenges in managing its multibillion dollar R&D efforts, and we have identified problems with its testing and cost-benefit analyses efforts in this area. For example, DHS spent more than \$200 million on advanced spectroscopic portals, used to detect smuggled nuclear or radiological materials, without issuing an accurate analysis of both the benefits and the costs—which we later estimated at over \$2 billion—and a determination of whether additional detection capabilities was worth the additional costs. DHS subsequently announced that it was cancelling the advanced spectroscopic portals program as originally conceived.</p> <p>February 2012 Update: DHS partially addressed our recommendations. For example, DHS reported that it planned to establish a new model for managing departmentwide investments across their life cycles; is working with components to improve the quality and accuracy of cost estimates; and planned to establish various structures and processes to oversee program research, development, and testing. While DHS has made some progress in these areas, we reported that it would be important for the agency to follow through on the establishment of these new processes.</p>	<p>Action 1: DHS could take further actions to improve management of R&D efforts and reduce costs.</p> <p>Action 2: DHS should ensure that cost-benefit analyses are part of R&D and testing efforts.</p>	<p>●</p> <p>○</p>

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- = Not addressed, meaning none of the actions needed in that area were addressed.

Source: GAO.

^aH.R. Rep. No. 112-91, at 27 (2011).

Table 4: New Cost-Savings and Revenue Enhancing Areas at DHS Included in GAO’s February 2012 Report

Cost saving or revenue enhancing areas	Actions to consider
<p>Options for adjusting the passenger aviation security fee could further offset civil aviation security costs. From fiscal years 2002 through 2011, TSA collected about \$18 billion in passenger and air carrier security fees, compared to the approximately \$63 billion appropriated for aviation security activities over the same time frame; thus, security fees offset about 29 percent of amounts appropriated. We found that increasing the passenger security fee could help further offset billions of dollars in the federal budget for aviation security programs and activities in outlying fiscal years. We identified options Congress may wish to consider using to increase the passenger security fee that could increase fee collections from about \$2 billion to \$10 billion over 5 years. In addition, we reported that TSA’s fiscal year 2012 budget proposal to incrementally increase the passenger security fee by 2014 could reduce total enplanements from fiscal years 2012 through 2014 by 1 percent. This would reduce expected fee collections of \$4.4 billion by about \$120 million over this 3-year period. In its budget request for fiscal year 2013, DHS included a proposal to gradually raise the passenger security fee to \$7.50 per one way trip by 2018 and devote \$18 billion of this fee increase for deficit reduction.</p>	<p>Action 1: Congress, working with TSA, may wish to consider increasing the passenger security fee according to one of the options we identified.</p>

Cost saving or revenue enhancing areas**Actions to consider**

FEMA could reduce the costs to the federal government related to major disasters declared by the President. From fiscal years 2004 through 2011, the President approved 539 major disaster declarations at a cost of \$78.7 billion. We found that FEMA could reduce the costs to the federal government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a state's capacity to respond without federal assistance. We reported that we expected to reiterate two recommendations from August 2001 related to the principle indicator and further recommend that the Secretary of Homeland Security direct the FEMA Administrator to implement them. We also expect to make a recommendation related to the metrics to assess a state's disaster preparedness and capabilities, so that it can be used to better measure state capacity to respond to disasters. We are currently conducting a review of the disaster declaration process and plan to report the results in 2012.

Action 1: FEMA should reexamine the basis for the Public Assistance per capita indicator and determine whether it accurately reflects a state's capacity to respond to and recover from a disaster without federal assistance.

Action 2: FEMA should reexamine the method used to update the per capita indicator to ensure that the indicator accurately reflects annual changes in a state's capacity to respond to and recover from a disaster.

Action 3: FEMA should examine the usefulness of supplementing or replacing the per capita damage indicator with the metrics required by both statute and Presidential Policy Directive to assess a state's disaster preparedness and capabilities.^a

Delaying proposed investments until DHS better defines and measures benefits and estimates life-cycle costs for future acquisitions of border surveillance technology could help ensure the most effective use of future program funding.

We found that CBP's Arizona Border Surveillance Technology Plan, the successor of CBP's nearly \$1 billion Secure Border Initiative Network (SBInet) technology program for securing the border between points of entry, is at an increased risk of not cost effectively accomplishing its goal in support of Arizona border security because CBP has not provided support for its business case for investing in the plan. We made three recommendations in November 2011 to increase CBP's likelihood of successfully implementing the Arizona Border Surveillance Technology Plan, minimize performance risks, help justify program funding, and increase the reliability of CBP's cost estimate. DHS concurred with our recommendations and identified steps it planned to take to implement them, along with estimated dates for their completion, but not all actions fully addressed our recommendations. In addition, in February 2012, we reported that Congress may wish to consider limiting future program funding. The President's fiscal year 2013 budget requests \$91.8 million for Integrated Fixed Towers that are part of the Arizona Border Surveillance Technology Plan.

Action 1: CBP should determine the mission benefits to be derived from implementation of the plan.

Action 2: CBP should develop and apply key attributes for metrics to assess program implementation.

Action 3: CBP should update its cost estimate for the plan using best practices.

Action 4: Congress may wish to consider limiting future program funding until CBP has more fully defined the benefits and costs of its new plan for Arizona.

Cost saving or revenue enhancing areas

The air passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air passenger immigration inspection activities conducted by U.S. Immigration and Customs Enforcement (ICE) and CBP. We estimated that fee collections available to ICE and CBP to pay for costs incurred in providing inspection services totaled about \$600 million in fiscal year 2010. However, we found that air passenger immigration fee collections did not fully cover CBP's costs in fiscal years 2009 and 2010. Although ICE does not track air passenger costs separately from sea passenger costs, ICE officials stated that its portion of total air and sea passenger collections did not cover ICE's total air and sea passenger costs in fiscal year 2007 through 2009. We reiterated in our February 2012 report four items for congressional consideration to allow ICE and CBP to better align air passenger immigration inspection fee revenue with the costs of providing these services and achieve cost savings by reducing the reliance on general fund appropriations.

Actions to consider

Action 1: Congress may wish to direct DHS to require ICE and CBP to regularly report total cost of air passenger immigration inspections and the amount of associated fee collections.

Action 2: Congress may wish to direct DHS to adjust the fee as needed so that collections are aligned with total inspection costs.

Action 3: Congress may wish to require DHS to direct ICE to amend its cost study methodology.

Action 4: Congress may wish to require DHS to direct ICE and CBP to establish a regular schedule to review and coordinate costs of inspection activities.

Source: GAO.

^aSee 6 U.S.C. § 749 and Presidential Policy Directive-8 (PPD-8): National Preparedness, March 30, 2011.

DHS Can Improve the Efficiency and Effectiveness of its Operations by Continuing to Address Themes That Have Impacted its Progress

Our work at DHS has identified three key themes—leading and coordinating the homeland security enterprise, implementing and integrating management functions for results, and strategically managing risks and assessing homeland security efforts—that have impacted the department's progress since it began operations.⁴ As these themes have contributed to challenges in the department's management and operations, addressing them can result in increased efficiencies and effectiveness. For example, DHS can help reduce cost overruns and performance shortfalls by strengthening the management of its acquisitions, and reduce inefficiencies and costs for homeland security by improving its R&D management. These themes provide insights that can inform DHS's efforts, moving forward, as it works to implement its missions within a dynamic and evolving homeland security environment. DHS made progress and has had successes in all of these areas, but our work found that these themes have been at the foundation of DHS's implementation challenges, and need to be addressed from a department wide perspective to effectively and efficiently position DHS for the future

⁴DHS defines the homeland security enterprise as the federal, state, local, tribal, territorial, nongovernmental, and private-sector entities, as well as individuals, families, and communities, who share a common national interest in the safety and security of the United States and the American population.

and enable it to satisfy the expectations set forth by the Congress, the administration, and the country.

Leading and coordinating the homeland security enterprise. While DHS is one of a number of entities with a role in securing the homeland, it has significant leadership and coordination responsibilities for managing efforts across the homeland security enterprise. To satisfy these responsibilities, it is critically important that DHS develop, maintain, and leverage effective partnerships with its stakeholders, while at the same time addressing DHS-specific responsibilities in satisfying its missions. Before DHS began operations, we reported that the quality and continuity of the new department's leadership would be critical to building and sustaining the long-term effectiveness of DHS and achieving homeland security goals and objectives.⁵ We further reported that to secure the nation, DHS must form effective and sustained partnerships between components and also with a range of other entities, including federal agencies, state and local governments, the private and nonprofit sectors, and international partners.⁶

DHS has made important strides in providing leadership and coordinating efforts. For example, it has improved coordination and clarified roles with state and local governments for emergency management. DHS also strengthened its partnerships and collaboration with foreign governments to coordinate and standardize security practices for aviation security. However, DHS needs to take additional action to forge effective partnerships and strengthen the sharing and utilization of information, which has affected its ability to effectively satisfy its missions. For example, in July 2010, we reported that the expectations of private-sector stakeholders have not been met by DHS and its federal partners in areas related to sharing information about cyber-based threats to critical infrastructure.⁷ In 2005, we designated information-sharing for homeland security as high risk because the federal government faced serious challenges in analyzing information and sharing it among partners in a

⁵GAO, *Homeland Security: Critical Design and Implementation Issues*, [GAO-02-957T](#) (Washington, D.C.: July 17, 2002).

⁶GAO, *Department of Homeland Security: Progress Report on Implementation of Mission and Management Functions*, [GAO-07-454](#) (Washington, D.C.: Aug. 17, 2007).

⁷GAO, *Critical Infrastructure Protection: Key Private and Public Cyber Expectations Need to Be Consistently Addressed*, [GAO-10-628](#) (Washington, D.C.: July 15, 2010).

timely, accurate, and useful way.⁸ Gaps in sharing, such as agencies' failure to link information about the individual who attempted to conduct the December 25, 2009, airline bombing, prevented the individual from being included on the federal government's consolidated terrorist watchlist, a tool used by DHS to screen for persons who pose risks to the country. The federal government and DHS have made progress, but more work remains for DHS to streamline its information sharing mechanisms and better meet partners' needs. Moving forward, it will be important that DHS continue to enhance its focus and efforts to strengthen and leverage the broader homeland security enterprise, and build off the important progress that it has made thus far. In addressing ever-changing and complex threats, and with the vast array of partners with whom DHS must coordinate, continued leadership and stewardship will be critical in achieving this end.

Implementing and integrating management functions for results.

Following its establishment, the department focused its efforts primarily on implementing its various missions to meet pressing homeland security needs and threats, and less on creating and integrating a fully and effectively functioning department from 22 disparate agencies. This initial focus on mission implementation was understandable given the critical homeland security needs facing the nation after the department's establishment, and the enormous challenge posed by creating, integrating, and transforming a department as large and complex as DHS. As the department matured, it has put into place management policies and processes and made a range of other enhancements to its management functions, which include acquisition, information technology, financial, and human capital management. However, DHS has not always effectively executed or integrated these functions. In 2003, we designated the transformation and integration of DHS as high risk because DHS had to transform 22 agencies into one department, and failure to effectively address DHS's management and mission risks could have serious consequences for U.S. national and economic security. Nine years later, DHS remains on our high-risk list.⁹ DHS has demonstrated strong leadership commitment to address its management challenges and has begun to implement a strategy to do so. Further, DHS developed various management policies, directives, and governance structures, such as

⁸GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: Jan. 2005).

⁹GAO, *High-Risk Series: An Update*, [GAO-11-278](#), (Washington, D.C.: Feb. 2011).

acquisition and information technology management policies and controls, to provide enhanced guidance on investment decision making. DHS also reduced its financial management material weaknesses and developed strategies to strengthen human capital management. For example, in fiscal year 2011, DHS moved from a Disclaimer of Opinion to a Qualified Audit Opinion on its Balance Sheet and Statement of Custodial Activity for the first time since 2003. However, DHS has not been able to obtain an unqualified audit opinion on its consolidated financial statements (i.e., prepare a set of financial statements that are considered fairly presented) though its current goal is to receive an unqualified, or clean opinion, on the departmentwide consolidated financial statement for fiscal year 2013.

DHS needs to continue to demonstrate sustainable progress in addressing its challenges, as these issues have contributed to schedule delays, cost increases, and performance problems in major programs aimed at delivering important mission capabilities. For example, we reported on numerous cost, schedule, and performance risks, and concluded that DHS had not economically justified its investment in the Secure Border Initiative Network, DHS's border security technology program.¹⁰ More specifically, DHS did not adequately define requirements, perform testing, or oversee contractors, delaying security enhancements on the southwest border. After initiating a departmentwide assessment of the program, the Secretary of Homeland Security froze program funding and, at the completion of the assessment in January 2011, the Secretary decided to end the Secure Border Initiative Network as originally conceived after investing nearly \$1 billion in the program. DHS also has not yet fully implemented its roles and responsibilities for developing and implementing key homeland security programs and initiatives. For example, FEMA has not yet developed a set of target capabilities for disaster preparedness or established metrics for

¹⁰ See, for example, GAO, *Secure Border Initiative: DHS Needs to Strengthen Management and Oversight of Its Prime Contractor*, [GAO-11-6](#) (Washington, D.C.: Oct. 18, 2010); *Department of Homeland Security: Assessments of Selected Complex Acquisitions*, [GAO-10-588SP](#) (Washington, D.C.: June 30, 2010); *Secure Border Initiative: DHS Needs to Reconsider Its Proposed Investment in Key Technology Program*, [GAO-10-340](#) (Washington, D.C.: May 5, 2010); *Secure Border Initiative: DHS Has Faced Challenges Deploying Technology and Fencing Along the Southwest Border*, [GAO-10-651T](#) (Washington, D.C.: May 4, 2010); and *Secure Border Initiative: DHS Needs to Address Testing and Performance Limitations That Place Key Technology Program at Risk*, [GAO-10-158](#) (Washington, D.C.: Jan. 29, 2010).

assessing those capabilities to provide a framework for evaluating preparedness, as required by the Post-Katrina Emergency Management Reform Act of 2006.¹¹ Moreover, DHS does not yet have enough personnel with required skills to carry out activities in various areas, such as acquisition management; and is in the process of modernizing its financial management system, impacting its ability to have ready access to reliable information for informed decision making. Moving forward, addressing these management challenges will be critical for DHS's success, as will be the integration of these functions across the department to achieve efficiencies and effectiveness.

Strategically managing risks and assessing homeland security efforts. Forming a new department while working to implement statutorily mandated and department-initiated programs and responding to evolving threats, was, and is, a significant challenge facing DHS. Key threats, such as attempted attacks against the aviation sector, have impacted and altered DHS's approaches and investments, such as changes DHS made to its processes and technology investments for screening passengers and baggage at airports. It is understandable that these threats had to be addressed immediately as they arose. However, limited strategic and program planning by DHS, as well as assessment to inform approaches and investment decisions, have contributed to programs not meeting strategic needs or doing so in an efficient manner. For example, we previously reported that TSA's program for research, development, and deployment of passenger checkpoint screening technologies was not risk-based and did not reflect some of the key risk-management principles, such as conducting a risk assessment based on the three elements of risk—threat, vulnerability, and consequence—and including a cost-benefit analysis and performance measures.¹² As a result, TSA had limited assurance that its strategy targeted the most-critical risks and that it was investing in the most cost-effective new technologies or other protective measures. In addition, we reported that DHS coordinated the development of a strategic plan for the global nuclear detection architecture—a multidepartment effort to protect against terrorist attacks

¹¹See 6 U.S.C. § 749.

¹²GAO, *Aviation Security: DHS and TSA Have Researched, Developed, and Begun Deploying Passenger Checkpoint Screening Technologies, but Continue to Face Challenges*, [GAO-10-128](#) (Washington, D.C.: Oct. 7, 2009).

using nuclear and radiological materials through coordinated activities.¹³ However, the strategic plan for the architecture did not include some key components, such as funding needed to achieve the strategic plan's objectives, or monitoring mechanisms for determining programmatic progress and identifying needed improvements.

Further, DHS has made important progress in analyzing risk across sectors, but it has more work to do in using this information to inform planning and resource-allocation decisions. Risk management has been widely supported by Congress and DHS as a management approach for homeland security, enhancing the department's ability to make informed decisions and prioritize resource investments. Since DHS does not have unlimited resources and cannot protect the nation from every conceivable threat, it must make risk-informed decisions regarding its homeland security approaches and strategies.

Moreover, we have reported on the need for enhanced performance assessment, that is, evaluating existing programs and operations to determine whether they are operating as intended or are in need of change, across DHS's missions.¹⁴ Information on the performance of programs is critical for helping the department, Congress, and other stakeholders more systematically assess strengths and weaknesses and inform decision making. In recent years, DHS has placed an increased emphasis on strengthening its mechanisms for assessing the performance and effectiveness of its homeland security programs. For example, DHS established new performance measures, and modified existing ones, to better assess many of its programs and efforts. However, our work has found that DHS continues to miss opportunities to optimize performance across its missions due to a lack of reliable performance information or assessment of existing information; evaluation among possible alternatives; and, as appropriate, adjustment of programs or operations that are not meeting mission needs. For example, we reported that CBP had invested \$2.4 billion in tactical infrastructure (fencing, roads, and lighting) along the southwest border, but could not measure the impact of this investment in tactical

¹³GAO, *Combating Nuclear Smuggling: DHS has Developed a Strategic Plan for its Global Nuclear Detection Architecture, but Gaps Remain*, [GAO-11-869T](#) (Washington, D.C.: July 26, 2011).

¹⁴For a list of GAO reports related to performance assessment, see [GAO-11-881](#).

infrastructure on border security.¹⁵ As the department further matures and seeks to optimize its operations, DHS will need to look beyond immediate requirements; assess programs' sustainability across the long term, particularly in light of constrained budgets; and evaluate trade-offs within and among programs across the homeland security enterprise. Doing so should better equip DHS to adapt and respond to new threats in a sustainable manner as it works to address existing ones.

Concluding Observations

Given DHS's significant leadership responsibilities in securing the homeland, it is critical that the department's programs and activities are operating as efficiently and effectively as possible, are sustainable, and that they continue to mature, evolve, and adapt to address pressing security needs. Since it began operations in 2003, DHS has implemented key homeland security operations and achieved important goals and milestones in many areas. These accomplishments are especially noteworthy given that the department has had to work to transform itself into a fully functioning cabinet department while implementing its missions—a difficult undertaking for any organization and one that can take years to achieve even under less-daunting circumstances. However, our work has shown that DHS can take actions to reduce overlap and potential unnecessary duplication to improve the efficiency of its operations and achieve cost-savings in several areas. Further, while DHS has made progress, additional actions are needed to strengthen partnerships with stakeholders, improve its management processes and share information, and enhance its risk management and performance-measurement efforts to enhance effectiveness and achieve efficiencies throughout the department.

Chairman McCaul, Ranking Member Keating, and Members of the Subcommittee, this concludes my prepared testimony. I would be pleased to respond to any questions that members of the Subcommittee may have.

¹⁵ GAO, *Secure Border Initiative: Technology Deployment Delays Persist and the Impact of Border Fencing Has Not Been Assessed*, [GAO-09-896](#). (Washington, D.C.: Sept. 9, 2009).

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