

INFORMED BUDGETEER: DEPARTMENT OF HOMELAND SECURITY

- The President has proposed and provided the legislative language for the creation of a new federal department that would combine over 100 existing entities that have a role in providing for homeland defense. The initiative is supposed to replace the current duplicative and inefficient bureaucratic security apparatus with a more responsive organization.
- It is envisioned that the new agency will enhance operational efficiencies of existing counter terrorism efforts by breaking down the barriers among similar law enforcement units. A single organizational structure could reduce duplicative spending on information technology, improve the allocation of capital spending for security infrastructure and R&D, and streamline grant disbursement to state and local governments.
- It is far too premature to assess whether these arguments will bear out, and a lot of work remains to enact this new entity by the emerging target date of September 11, 2002. But the *Bulletin* begins this week the process of understanding this ambitious reorganization not just by summarizing the announced composition of the new agency, but also by examining what the component “pieces” currently do in their existing agencies.

Department of Homeland Security^a		
Shown by Agency From Which Activity Will Be Transferred		
(President's Requested BA, \$ in millions)		
	2003	% of total
Department of Transportation	10,985	30.5
Coast Guard	6,185	
Transportation Security Agency	4,800	
Department of Justice	6,418	17.8
Immigration and Naturalization Service	6,265	
National Infrastructure Protection Center	151	
National Domestic Preparedness Office	2	
Office of Domestic Preparedness	0	
Federal Emergency Management Agency	6,161	17.1
Department of Treasury	4,907	13.6
United States Customs Service	3,693	
United States Secret Service	1,214	
Department of Health and Human Services	4,085	11.3
Chem., Bio., Radiological, and Nuclear Response Assets	2,092	
Civilian Biodefense Research Programs	1,993	
Department of Energy	1,299	3.6
Lawrence Livermore National Laboratory	1,188	
Nuclear Incident Response	91	
National Infrastructure Simulation and Analysis Center	20	
Department of Agriculture	1,137	3.2
Animal and Plant Health Inspection Service	1,111	
Plum Island Animal Disease Center	26	
Department of Defense	575	1.6
National BW Defense Analysis Center	420	
National Communications System	155	
General Services Administration	429	1.2
Federal Protective Services	418	
Federal Computer Incident Response Center	11	
Department of Commerce	42	0.1
Critical Infrastructure Assurance Office	27	
Computer Security at NIST	15	
TOTAL: Department of Homeland Security	36,038	100.0

Source: Senate Budget Committee Republican Staff

Note: These figures include mandatory and fee funded programs, but do not include \$1.4 billion reflecting the President's proposal to fund full accrual cost of employee retirement benefits.

a/ The legislative language submitted would give the Secretary of DHS the authority to transfer up to five percent of agency funding between appropriations accounts, requiring only 15 days notice to the Appropriation Committees.

Organization of New Department

- The new \$36 billion Department of Homeland Security (DHS), with over 169,000 employees, would be organized around four operational divisions. DHS would become the fourth largest agency in terms of discretionary funding (after Defense, HHS and Education) and the third largest in terms of FTEs (after Defense and Veterans). The four operational divisions are listed here in declining order of level of resources:
- **Border and Transportation Security** (\$22.5 billion and 156,169 FTEs) would assume the operational assets of the Coast Guard,

Customs Service, Border Patrol, INS, the newly formed Transportation Security Administration (TSA), and Animal and Plant Health Inspection Service.

- **Emergency and Preparedness Response** (\$8.3 billion and 5,300 FTEs) would mostly consist of FEMA and Nuclear Emergency Response Team (NEST), but would also administer the grant programs for firefighters, police, and emergency personnel currently managed by FEMA, DOJ and HHS.
- **Chemical, Biological, Radiological and Nuclear Countermeasures** (\$3.6 billion and 598 FTEs) would set national policy and establish guidelines for state and local governments and would coordinate national drills to prepare all levels of government for possible unconventional attacks.
- **Information Analysis and Infrastructure Protection** (\$0.4 billion and 976 FTEs) would become the repository for all intelligence gathered by the CIA, NSA and FBI regarding homeland security and would evaluate potential vulnerabilities in America's infrastructure.
- **United States Secret Service** (\$1.2 billion and 6,111 FTEs) would also be part of DHS, but rather than being part of one of the four divisions, it would instead report directly to the new Secretary.

Federal Activities Proposed to be Moved to New Department

- **Department of Transportation (DOT).** The President's proposal would transfer the Coast Guard and the TSA from DOT to the new department's Border and Transportation Security Division. These two agencies, which currently represent 18% of DOT's budgetary resources, would constitute approximately 30% of DHS' budget.
- The 2003 budget request included \$6.2 billion for the Coast Guard (17% of the new department's budget). Of that request, \$2.9 billion (or 46%) is for homeland security functions; the remainder is for non-homeland security functions such as maritime safety, fisheries enforcement, and drug and migrant interdiction that would also move to the new department. For TSA, the President requested \$4.8 billion (13% of DHS' budget), all for securing the nation's transportation systems (though largely for aviation security).
- **Department of Justice (DOJ).** The President's proposal would transfer the Immigration and Naturalization Service (INS) and its \$6.4 billion to the new department's Border and Transportation Security Division. Currently, the INS budget represents 22% of the total DOJ budget. The INS' budget would comprise 17% of the total DHS budget and would be the largest single component of the new department.
- The National Infrastructure Protection Center (NIPC) is currently within the FBI and has a budget of \$151 million that supports threat assessment, warning, investigation, and response for threats or attacks against our critical infrastructures. These infrastructures include telecommunications, energy, banking and finance, water systems, government operations, and emergency services. The President's proposal would transfer NIPC to the Information Analysis and Infrastructure Protection Division.
- The National Domestic Preparedness Office (NDPO) and the Office of Domestic Preparedness (ODP) coordinate all federal efforts to assist state and local emergency responders with planning, training, equipment, and exercises necessary to respond to an incident involving weapons of mass destruction. While the NDPO and the ODP are currently funded through and administered by the FBI, the President's FY 2003 budget request initially proposed that the two offices be transferred to the Federal Emergency Management Agency (FEMA). The ODP and the NDPO will be integrated into the Emergency Preparedness and Response Division.
- **Federal Emergency Management Agency (FEMA).** The President's proposal would transfer FEMA, currently an independent agency, and its \$6.1 billion budget, to the new department where FEMA would represent more than 17% of the new department's resources. Since 1979, FEMA's primary mission has been to reduce loss of life and property and to protect the nation's critical infrastructure from all types natural and technological disasters. Of the \$6.1 billion, a great deal of

attention has been given to the \$3.5 billion (57% of FEMA's total budget request) that would be dedicated to the nation's first responders.

- **Department of the Treasury.** The proposed DHS would also absorb the entire Customs and Secret Services from Treasury. Together, both agencies accounted for 24% of the Treasury Department's budget request in 2003.
- The Customs Service was originally responsible for collecting tariffs and duties when it was created by the fifth act of Congress on July 31, 1789. However, it has evolved an increasingly important role in the protection of our nation's borders from drug traffickers and other threats. Under the new department's Border and Transportation Security Division, many of the inspection responsibilities of the Customs Service and the INS would be integrated. Customs will still continue to collect import duties and remit them to Treasury.
- The Secret Service is well known for its role in protecting the President and other national leaders. It also investigates counterfeiting, cyber crime, and identity fraud. The Secret Service would bring its expertise in providing security at large national events and coordinating with state and local law enforcement.
- **Department of Health and Human Services (HHS).** The White House has proposed transferring funding control over \$4.1 billion from HHS (6% of agency funding) to the DHS divisions of Chemical, Biological, Radiological, and Nuclear Countermeasures (\$2.1 billion) and Emergency Preparedness and Response (\$2.0 billion).
- Control over virtually all of the \$2.3 billion that the President requested for the Public Health and Social Services Emergency Fund to fight bioterrorism (but not, in most cases, the activities themselves) would be transferred to the new department: \$1.6 billion for the Centers for Disease Control, \$107 million for the Office of Emergency Preparedness (OEP), \$33 million for the new Office of Public Health Preparedness (OPHP), \$10 million for cyber-security in the Office of the Secretary, and \$578 million for hospital preparedness programs in the Health Resources and Services Administration (HRSA). DHS also would control \$1.7 billion in the National Institutes of Health (NIH) to combat bioterrorism.
- Under the reorganization, only OEP and OPHP would be transferred to DHS. The new department would also assume control of the National Pharmaceutical Stockpile but not of the CDC itself, which currently controls the stockpile. DHS would determine the optimal use for the remaining funds and would transfer them as needed back to HHS agencies (CDC, HRSA, NIH) to perform the relevant activities.
- **Department of Energy (DOE).** The proposal would shift the Lawrence Livermore National Laboratory (LLNL) and its \$1.2 billion to the new Department's Chemical, Biological, Radiological, and Nuclear Countermeasures Division. LLNL's activities are wide ranging, and while some clearly serve the mission of homeland defense, it is unclear from the legislative language whether all of these activities will become part of the DHS.
- Under the proposal, when there is an actual or threatened radiological incident, DHS' Emergency Preparedness and Response Division would assume control over the \$91 million budget and activities of DOE's Nuclear Weapons Incident Response (NWIR). NWIR provides technical expertise to respond to a nuclear or radiological event. Otherwise, DOE would retain responsibility for these activities.
- The National Infrastructure Simulation and Analysis Center (NISAC) would move into the Information Analysis and Infrastructure

Protection Division of DHS. NISAC (\$19 million) applies computer modeling and simulation to analyze interdependencies in energy, water, communications, banking, agriculture, health services, and law enforcement.

- **Department of Agriculture.** The proposed move of the Animal and Plant Health Inspection Service (APHIS) to the new department's Border and Transportation Security Division would divide the government's involvement in food safety activities across four entities, instead of the current three -- the Food and Drug Administration, the Department of Agriculture, EPA and DHS. The specific responsibilities of APHIS include pest and disease exclusion and management, plant and animal health monitoring, and scientific and technical services. Other Agriculture agencies involved in food safety are not slated to move to DHS, including the Food Safety and Inspection Service (which implements safety inspections of domestic and imported meat and poultry products) and the Grain Inspection, Packers and Stockyards Administration (inspection of domestic and foreign grain).
- Included in the new department's Chemical, Biological, Radiological, and Nuclear Countermeasures Division would be the Plum Island Animal Disease Center, which is operated with personnel and building and facilities funding from both the Agricultural Research Service and APHIS. This is the main center for work on highly transmissible Foot and Mouth Disease.
- **Department of Defense (DoD).** The Center for Biological Counterterrorism Research at Fort Detrick, Maryland, which is currently a DoD facility, would combine with appropriate elements of HHS and the NIH to form a new National Biological Warfare Defense Analysis Center under the DHS' Chemical, Biological, Radiological, and Nuclear Countermeasures Division. Elements of White House communications, which are now managed by DoD, would be transferred to a National Communications System under the Information Analysis and Infrastructure Protection Division.
- **General Services Administration (GSA).** GSA would transfer its Federal Protective Service (FPS) and Federal Computer Incident Response Center (Fed CIRC) to the new department's Border and Transportation Security Division and Information Analysis and Infrastructure Protection Divisions, respectively. The FPS is responsible for the security of all federal buildings in the U.S. For 2003, the President's requested \$418 million from the Federal Buildings Fund for building security. Fed CIRC, with an \$11 million budget, advises civilian agencies about how to prevent, monitor, withstand, and recover from attacks on the federal government's information infrastructure.
- **Department of Commerce.** The Critical Infrastructure Assurance Office (CIAO), with a \$27 million budget within the Bureau of Export Administration, would be shifted into DHS' Information Analysis and Infrastructure Protection Division. The CIAO works with governments and the private sector to reduce the exposure of the nation's critical infrastructures. Of this amount, \$20 million would be for a new Homeland Security Information Technology and Evaluation program. If funded, this program would seek to improve information sharing among federal agencies for law enforcement, intelligence, border security, and immigration, as well as with state and local governments.
- Also shifted into the same division of DHS would be \$15 million to be spent on the computer security activities of the National Institute of Standards and Technology, which works with agencies and industry to ensure the nation's hardware, software, networks, and data can work together securely, protecting critical information infrastructures.