

# **HOMELAND SECURITY BUDGETING: CAN CONFUSION PRODUCE PRIORITIES?**

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Since it was created, the Department of Homeland Security has been plagued by apparent disconnects and unanswered questions. From a budget standpoint, no one can even begin to answer the basic question of “How much is enough?”

The Congress and the Administration point proudly to the dramatic growth in funding for homeland security and counter-terrorism, almost a four-fold increase since the September 11, 2001 terrorist attacks. Still, no one can say with certainty what the priorities are that would guide the allocation of marginal dollars. Further, no one can properly determine the balance of efforts in detection and prevention, vulnerability assessments and reduction, and capabilities to respond and recover.

It is not enough, though, to point out these shortcomings. Before they can be fixed, we have to have some idea of what caused them. Let’s take a look at some of those causes.

The Department of Homeland Security was, in fact, born in confusion and bureaucratic uncertainty. Long before September 11, studies had called for a reorganization of the federal government structure to deal with domestic terrorist attacks, but little attention was paid to these ideas.

After September 11, the Administration vigorously resisted legislation to reorganize, on both substantive (“it was not needed”) and philosophical (“it was growth in government”) grounds. The creation of the Office of Homeland Security in the Executive Office of the President was enough, they said.

The Office of Management and Budget (OMB) presented the Fiscal Year 2003 President’s Budget in February 2002 as a sea change in federal support for homeland security, building on the huge \$20 billion supplemental appropriations passed after September 11. The White House was publicly seen as working on a national strategy for homeland security. Tom Ridge as Special Assistant to the President for Homeland Security was all the organization that was needed.

Congress felt otherwise. Bipartisan bills moved forward in both the Republican-controlled House of Representatives (led by Texas Republican Mac Thornberry) and in the Democrat-controlled Senate (led by Connecticut Senator Joe Lieberman). The appropriations committees were irate with the White House because Tom Ridge would not testify publicly on the homeland security budget. Despite these actions, though, Ridge remained publicly opposed to legislation to reorganize the government. On June 4, 2002, he told journalists in Washington at an editorial breakfast that he would “without reservation” recommend a veto if homeland security legislation were to pass the Congress.

All that changed, the very next day. For months, stories had gathered about the FBI and the CIA having missed warnings about September 11, about events that could (if recognized for what they were) have possibly prevented the attacks from succeeding. These stories peaked on the morning of June 5, 2002, with the riveting testimony of Minnesota FBI agent Colleen Rowley. A national TV audience watched as she described FBI resistance to her efforts to search the computer of the so-called “20th hijacker.” Senator after senator wondered aloud about the need to change laws to force better internal integration of intelligence and law enforcement.

Even as Rowley spoke, though, the White House was already reversing itself, without warning and with little discussion. In a hastily-called cabinet meeting that same morning, the President announced that he would drop his opposition to a new Department and would in fact submit his own legislative proposal. Headlines the next day trumpeted the reversal; by Thursday evening, June 6, President Bush went on TV to tell the nation of his plans. His explanation for the reversal was based on Governor Ridge's experience working with "all levels of government to prepare a national strategy" and on learning "more about the plans and capabilities of the terrorist network."

No one ever explained, however, why Tom Ridge had made his statements one day before the cabinet meeting, statements totally unneeded if the Administration were about to reverse itself. Did Ridge not know of the impending change? Or was the decision to reverse course made so rapidly that no one knew, just the day before? Was this simply an isolated incident, or does it indicate a deeper problem?

These are important questions if we are to be able to judge the sufficiency of plans and budgets for homeland security, because they come from the same players that produce the public pronouncements. Evidence shows that perhaps the Ridge disconnect with the impending Administration reversal two years ago was not an anomaly. The end of May, 2004, provides the latest example.

Attorney General John Ashcroft, on national TV Wednesday May 26, warned of a possible terrorist attack in the US over the next few months. He cited "credible intelligence from multiple sources" and called on the public to help locate seven specific suspects. Reportedly, the Justice Department also sent an intelligence bulletin to many law enforcement and military agencies, saying that "90% of the arrangements for an attack on the US were complete."

Homeland Security Secretary Ridge had just appeared on national TV earlier that day, delivering quite a different message. He downplayed the threat, telling ABC's Good Morning America that the threats were "not the most disturbing that I have personally seen during the past couple of years."

Subsequent discussions revealed that Ridge and DHS were aware of Ashcroft's plan for a news conference, but that the thrust was to be on law enforcement, on the need for the public's help in finding the seven suspects. Ridge was not even part of the news conference, despite the fact that the 2002 law that created DHS clearly placed him in charge of issuing "public advisories relating to threats to homeland security."

The national terror alert level remained at yellow, or elevated, where it has been since January 9. Perhaps this was because the information on which Ashcroft based his announcement was not only old intelligence but also information that had already been widely distributed. According to the New York City Police Commissioner Ray Kelly, his department has been aware and had already acted on the information in Ashcroft's announcement. Similar views were expressed by police chiefs in other cities.

By Friday, May 28, Ridge and Ashcroft found it necessary to put out a joint statement affirming that they communicate with each other every day and that they are "working together" to "take all necessary actions to protect the American people." The statement emphasized that "specific intelligence is the foundation for effective counter-terrorism strategies," even though Ashcroft's own warning had clearly stated that the intelligence contained "no specific information."

To make matters even more confusing, even as the Ridge-Ashcroft joint statement was being issued, the FBI was

recalling an alert that it had issued that very morning. Three unnamed cities were warned of an “imminent” attack in the coming 24 hours, but hours later, the warning was retracted, with the explanation that the “original interpretation of imminence was unfounded.” In fact, the FBI reportedly indicated that the targets might not even be in the US. According to the New York Times, officials defended the decision to put out the warning even if “its reliability was unknown.”

It does not appear, then, that the two years since the President's speech announcing his plan for a new department has eliminated the confusion and apparent lack of coordination that the events of May 26-28 exhibit. What does this mean, though, for the process of budgeting and allocating resources for homeland security and counter-terrorism?

First, despite the inclusion of 22 separate agencies or pieces of agencies in the new DHS, much of the US efforts in homeland security lie outside the department. OMB indicates that just under 60% of federal homeland security funding lies in the DHS budget; the remainder is in Justice, HHS, the CIA, DoD, Agriculture, and a host of other federal agencies.

Second, nearly a third of the DHS budget goes to non-homeland security functions. When the law was passed to create DHS, one of its stated goals was for the agency to continue to provide the functions present in the 22 core agencies transferring to DHS, regardless of their contribution to the homeland security mission.

Taken together, these two facts dictate the need for significant coordination both within the federal government and with state and local entities. That level of coordination was not demonstrated in the Ashcroft-Ridge events described above, which undermines the credibility of lower-level efforts.

Perhaps more important, though, is the presence of competing goals within the overall homeland security mission. The goals are laid out in both the National Strategy and in the DHS legislation. President Bush's National Strategy for Homeland Security, issued in July, 2002, clearly states that “the strategic objectives of homeland security in order of priority are to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and recover from attacks that do occur.”

There is little dispute over these goals or their priority, but there is no basis for assessing the contribution of the budget toward these goals. Efforts to bring DHS into compliance with OMB's measurement system for tying budgets to performance (the Program Assessment Rating Tool, or PART) have met with limited success, as DHS ties performance to sub-goals that lie two or three levels below these overarching objectives.

Congress has fared little better in assessing performance. DHS does not provide the new Homeland Security appropriations subcommittees with the same level of budget justification detail that other agencies provide, and Congress has accepted that for the time being. Whether this arrangement remains acceptable for the future remains to be seen.

Ultimately, of course, the American public has its own measures of success. Secretary Ridge, in his February 23, 2004, speech on DHS' first year, pronounced that “America has never been safer.” Regardless of the analytical or political basis for that statement, he is correct in one thing: this is the only measure that really matters, and the one by which the budgets and efforts of DHS and all of the homeland security community will ultimately be assessed. In that, there is no disagreement.

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