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Homeland Security Spending for the Long War

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In this presentation, I would like to:

- Argue that we are spending the right amount on homeland security, and that over the long-term I think only modest growth in homeland security spending would be appropriate;
- Make the case that Congress should adhere to a set of strategic principles to create a comprehensive approach to homeland security spending, instead of wasting money in a scattershot approach to programming; and
- Suggest that to ensure adequate spending on homeland security over the long term, Congress will have to address entitlement spending. Homeland Security spending prospects a decade from now are bleak due to mandatory federal outlays such as Medicare, Medicaid, and Social Security consuming an increasingly large part of the federal budget.

Spending for What?

The national homeland security strategy offers a sufficient blueprint to guide thinking on long-term security spending. In matters of strategy, thought should always precede action. To its credit, the Bush Administration took on drafting a homeland security strategy as one of its first tasks in the wake of the September 11 attacks on New York and Washington. The result has been a national effort that has, for the most part, neither veered into indifference nor careened into overreaction. It has also made Americans safer.

Talking Points

- The U.S. is spending the right amount on homeland security, and over the long term, only modest growth in homeland security spending is appropriate. The private sector, which controls over 85 percent of the nation's critical infrastructure (from the electrical power grid to telecommunications), also has significant responsibilities in protecting the nation from the threat of terrorism.
- Congress should adhere to a set of strategic principles to create a comprehensive approach to homeland security spending, instead of wasting money in a scattershot approach to programming.
- To ensure adequate spending on homeland security over the long term, Congress will have to address entitlement spending. Homeland security spending prospects a decade from now are bleak due to mandatory federal outlays such as Medicare, Medicaid, and Social Security consuming an increasingly large part of the federal budget.

This paper, in its entirety, can be found at:
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The White House released its national strategy in July 2002. Like any good strategy, it included the basics of ends, ways, and means—what’s to be done; how it will be done; and what it will be done with. And like any good strategy, it made some hard choices. For starters, it didn’t make comforting, but empty promises, such as guaranteeing to stop every terrorist attack, all the time, everywhere. The strategy is more modest and realistic. All it promises is “a concerted national effort 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.”¹ The strategy acknowledges that failure is an option.

The strategy was also realistic about what it would take to stop terrorists. It rightly eschews the notion that there is a single, “silver bullet” solution. Security would not be provided by a single initiative like strip-searching shipping containers, building walls, or denying grandmas visas, but by the cumulative effect of all the homeland security programs. For example, a terrorist might be discovered by an overseas intelligence operation while applying for a visa, during screening of an international flight manifest, during inspection at a port of entry, or during a domestic counterterrorism investigation. Likewise, if layers of defense don’t stop the terrorists, other initiatives would be undertaken to reduce vulnerabilities (such as beefing up security at nuclear power plants), making key targets less susceptible to attack. Finally, if these measures failed, the strategy wanted to make sure there were resources in place to adequately respond to terrorist incidents. Thus, improving security requires ensuring that each layer of the system is sufficient to do its part of the job and that efforts are complementary. Picking the best tools for each layer would be done by risk-based, cost-benefit analysis—betting on the measures that provided the most security for every dollar spent.

America’s homeland security strategy also made a fundamental hard choice about resources. Homeland security, the strategy argued, had to be a shared responsibility. While the federal government focused on counterterrorism, states and local government were tasked with providing for public safety within their communities. The private sector, which controls over 85 percent of the nation’s critical infrastructure (from the electrical power grid to telecommunications), also had significant responsibilities in protecting the nation from the threat of terrorism.² Everybody was responsible. Everybody should pay. Washington wouldn’t do it all—and it wouldn’t fund everything.

Sizing Up Strategy

Making hard choices is not enough. Strategies also have to be appropriate for the task at hand. Long wars, whether against states or terrorists, require a special kind of strategy—one that places as much emphasis on keeping the state competitive as it does on getting the enemy.

Typically, in long wars, as states became desperate to win, they pulled power to the center, centralized decision-making, increased taxation, and limited liberties. Ironically, as they became garrison states, the effort to mobilize power made them less powerful. Less innovative, less productive, and less free, their wars became wars of attrition where the states found themselves prostrate at the end of the struggle—even if they were the winners. One of the notable exceptions to this historical trend was the United States and its allies during the Cold War, where they emerged from the conflict stronger, more independent, and more free than when the contest started.³ The reason America weathered the Cold War so well was that it followed the tenets of good long war strategy.⁴ The Cold War was won by:

- **Providing Security.** It was important to take the initiative away from the enemy and to

1. White House, *National Strategy for Homeland Security*, 2002, at www.whitehouse.gov/homeland/book/ (September 14, 2004), p. 2.

2. *Ibid.*, pp. 63–65.

3. See, for example, Aaron L. Friedberg, *In the Shadow of the Garrison State: America’s Anti-Statism and Its Cold War Strategy* (Princeton, N.J.: Princeton University Press, 2000).

4. Described in James Jay Carafano and Paul Rosenzweig, *Winning the Long War: Lessons from the Cold War for Defeating Terrorism and Preserving Freedom* (Washington, D.C.: The Heritage Foundation, 2005).

protect American citizens—therefore, the nation needed a strong mix of both offensive and defensive means. Nothing was to be gained by seeming weak and vulnerable in the eyes of the enemy.

- **Building a Strong Economy.** Americans realized early on that economic power would be the taproot of strength, the source of power that would enable the nation to compete over the long term and would better the lives of its citizens. Maintaining a robust economy was made a priority.
- **Protecting Civil Liberties.** Preserving a vibrant civil society and avoiding “the greatest danger”—the threat of sacrificing civil liberties in the name of security—was critical as well. Only a strong civil society gives the nation the will to persevere during the difficult days of a long war.
- **Winning the Struggle of Ideas.** From the beginning, Americans believed that in the end, victory would be achieved because the enemy would abandon a corrupt, vacuous ideology that was destined to fail its people. In contrast, the West had a legitimate and credible alternative to offer. All America needed to do was face its detractors with courage and self-confidence.

The key to successful strategy was doing all four of these tasks with equal vigor, resisting the temptation to trade freedom for security or truth for prosperity. The United States could do worse than following the principles of good protracted war strategy it practiced in the decades-long stand-off with the Soviet Union. And all the signs suggest that is exactly what is happening.

Follow the Numbers

America’s homeland security strategy is not only sound, there is some evidence it is working. The number of terrorist attacks and the time between them do not, of course, tell the whole story. An absence of successful strikes doesn’t mean an absence of a threat or that counterterrorism programs are necessarily being implemented efficiently and effectively. Still, the number must be telling us something. Since 9/11, there have been only a handful of deaths in the Western Hemisphere as the

result of terrorism, none the product of al-Qaeda and its ilk. In addition, according to the U.S. Justice Department, at least 15 terrorist plots have been thwarted in North America, and many of those were almost “Keystone Kops”—type efforts, not methodically planned operations.

What the numbers suggest is that the West is not an easy target. Instead, transnational groups are turning to what terrorists have historically done: attacked the weak and avoided the strong. And the weak are in the terrorists’ own backyard. The Memorial Institute for the Prevention of Terrorism in Oklahoma City estimates that since 9/11 there have been 8,491 terrorist attacks in the Middle East and 16,269 fatalities—numbers that by far exceed the losses in any other part of the planet. In 2005 alone, the government’s National Counterterrorism Center counted 8,223 victims of terrorism, including 2,627 deaths. South Asia, another region with large Islamic populations, runs second on the list with 5,401 total victims. In contrast, Western Europe suffered 339 victims and North America eight.

Turned back by Western security measures, the terrorists have turned on the world of Islam with terrible results. These numbers suggest that the West’s defenses are working. They also argue that offensive measures need to do much better, not to save the rest of the world from the Islamic world, but to help the Islamic world save itself.

A sincere effort to protect the West against the threat of terrorism has not only been successful, it has hardly been an unbearable burden. In economic terms, the United States spends less than one-half of one percent of GDP on homeland security. That’s a pretty reasonable insurance policy. Homeland security spending by Washington represents about one-eighth of what Americans spend on litigation every year. Nor is homeland security a significant drag on the economy. Since 9/11, the United States has weathered a mild recession, recovered from the effects of one of the greatest natural disasters in its history (Hurricane Katrina—which by many estimates resulted in more than double the economic disruption caused by 9/11), watched the price of oil skyrocket, and borne a costly war in Iraq. Yet, the U.S. economy is growing, inflation is low, and employment is high.

Nor should homeland security be seen as a completely new burden on the U.S. economy. The U.S. government spent a good deal of money on homeland security before 9/11—we just did not distinguish the effort.⁵ Before the September 11 attacks on New York and Washington, the federal government did not distinguish homeland security as a distinct funding category. Thus, there are scant authoritative data on previous domestic security efforts to compare to post-September 11 spending on homeland security. Nevertheless, an assessment of recent federal spending finds that funding for responding to terrorist threats began before 9/11. Between fiscal year (FY) 1995 and FY 2001, the federal government increased domestic security spending in the regular annual appropriations bills from \$9 billion to \$16 billion, an increase of 60 percent. Overall, while increased spending reflected a tacit recognition of the growing danger of transnational terrorism, it was inadequate to creating a national homeland security system capable of effectively integrating federal, state, and local government assets as well as private-sector assets.

In contrast, federal spending on homeland security grew dramatically after 9/11. Congress approved \$64 billion in emergency funding, including \$20 billion for FY 2001 and \$44 billion (in two separate supplemental appropriations) for FY 2002. Perhaps one-third of the \$64 billion was directed to homeland security programs and activities. The Bush Administration spent \$42.4 billion on homeland security in FY 2003. Altogether, between FY 2001 and FY 2003, funding for homeland security was increased by some 240 percent.⁶

In the FY 2004 budget, overall spending on homeland security (\$40.7 billion) actually declined slightly in real terms, largely because of a large supplemental appropriation (over \$6 billion) in FY 2003 that included many one-time costs, such as added security measures in response to national homeland security advisory warnings and Department of Defense force-protection enhancements.⁷ Stabilizing funding for two years was prudent. While enormous security challenges remained, allowing the many agencies involved some time to absorb the large increases since 9/11 made sense, particularly since this period saw the creation of the Department of Homeland Security (DHS) and the consolidation of a workforce of over 180,000 personnel spread around the country and the world under its authority. The FY 2004 budget also marked the first complete congressional appropriations cycle for the DHS. For FY 2005, federal homeland security spending was increased to \$46 billion. For the most part, the additional funding reflected the maturing of DHS programs and, equally important, a bolstering of domestic security, counterterrorism, critical infrastructure protection, and preparedness programs in other federal agencies. FY 2006 spending is an estimated \$56.6 billion, which contained a significant increase in border security and immigration enforcement, emergency preparedness, and the U.S. Coast Guard, among other programs.⁸

Guidelines for Future Homeland Security Spending

There is an increasing propensity in Congress to move away from spending strategically and instead

5. See Mark Sauter and James Jay Carafano, *Homeland Security: A Complete Guide to Understanding, Combating and Surviving Terrorism* (New York: McGraw-Hill, 2005), pp. 3–18.
6. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2005* (Washington, D.C.: U.S. Government Printing Office, 2005), p. 370, Table S–6, at www.gpoaccess.gov/usbudget/fy05/pdf/budget/tables.pdf (March 14, 2005); James Jay Carafano and Steven M. Kosiak, “Homeland Security: Administration’s Plan Appears to Project Little Growth in Funding,” Center for Strategic and Budgetary Assessments *Backgrounder*, March 12, 2003, p. 1, at www.csbaonline.org/4Publications/Archive/U.20030312.Homeland_Security_/U.20030312.Homeland_Security_.pdf (March 14, 2005).
7. In inflation-adjusted dollars, total spending decreased by 4 percent. Net non-defense discretionary homeland security spending (including annual and supplemental appropriations) declined from \$29.5 billion to \$27.9 billion. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2005*, p. 370, Table S–6.
8. Office of Management and Budget, *Fiscal Year 2007, Mid-Session Review* (Washington, D.C.: U.S. Government Printing Office, 2006), Table S–4, at www.whitehouse.gov/omb/budget/fy2007/pdf/07msr.pdf (January 29, 2007).

to shift homeland security dollars into other types of “security.” These include:

- **Checkbook Security.** Simply authorizing more homeland security spending will not make Americans safer. That is particularly true for measures intended to protect infrastructure such as bridges, trains, and tunnels. Terrorists thrive on attacking vulnerabilities, looking for the weakest link. The United States is a nation of virtually infinite vulnerabilities, from high schools to shopping malls. Pouring billions of federal tax dollars into protecting any of them may please some constituents and vested interests, but it will not do much to stop terrorists who will just move on to another “soft” target. The far better investment of federal dollars is on counterterrorism programs that break up terrorist cells and thwart attacks before they occur.
- **Feel-Good Security.** Some proposals sound compelling, but on closer scrutiny make no sense. Inspecting every container shipped from overseas is a case in point. There is no evidence that this would be a more cost-effective means to deter threats than the current cargo screening system. On the contrary, screening everything would be extremely expensive, and the technology is not very effective. But even if the available screening technologies were cheap, fast, and accurate, they would produce so much data (from peeking into the tens of thousands of containers bound for U.S. ports every day) that the information could not be checked before the containers’ contents arrived in stores. Tax dollars should not be spent on what makes for the best election-year bumper sticker, but on initiatives that offer the most security for the dollar spent.
- **Checklist Security.** For example, legislation that simply demands more reports, adds more mandates, and sets more unrealistic deadlines might check the box that Congress has considered every 9/11 Commission recommendation, but it would achieve little else. Any proposed new security measures should be backed up by credible analyses of how they would diminish the threat of transnational terrorism, the likely costs of implementing them, and their suitability and feasibility.

- **False Security.** Clothing any political agenda that pleases stakeholders or promotes agendas under the false claim that these measures might advance national security should be rejected outright.

Congress can do better than that. Appropriations should only allow for “principled” security.

Principle #1: Fund for the Long Term First. Consistent and sustained funding is the most crucial objective for ensuring homeland security over the long term. Persistence and continuity are more important than short-term spurts in funding. Consistent presence is essential to effective homeland security. After all, it took at least five years to plan the 9/11 attacks, and at least three years to organize the Madrid bombings. The time between attacks alone tells very little about the nature of the threat. It may be another week or another five years before the next major attack. And it may occur with little or no warning. Consistent homeland security, year-in and year-out, and programs built for the long term are more vital than spending splurges for short-term investments.

Thus, if there is room at all for any significant increases in homeland security spending, they should be in maturing programs that will represent long-term instruments for homeland security. In all cases, this does not require substantial, long-term funding streams from the Congress. Border security is a case in point. If Congress does the right thing in terms of implementing comprehensive immigration and border reforms, then over a period of a few years the preponderance of individuals crossing the border will be at established border crossing points. This argues against substantial long-term infrastructure investments in border security. A strategy to gain operational control of the U.S. southern border should focus on building up the means to limit illegal crossings between the land points of entry, interdict smuggling by air and sea, discourage unlawful presence inside the country, and provide adequate legal alternatives to support south–north migration flows. To be effective, the strategy should be implemented within two years and remain in place for at least five years. This could be accomplished with a mixture of federal, state, local, and contractor-provided capabilities.⁹

Principle #2: Build a National Homeland Security System. One of the highest priorities for federal spending over the long term must be investments that assist in creating a true national preparedness system—not merely supplementing the needs of state and local governments. Dollars that might be needed to equip every state and U.S. territory with sufficient resources to conduct each critical homeland security task could run into the hundreds of billions. Although the federal government has a responsibility to assist states and cities in providing for homeland security, it cannot service every one of their needs. Indeed, state and local governments are having difficulty absorbing and efficiently using the federal funds that are already available.

Federal funding should focus on programs that will make all Americans safer. That includes providing state and local governments with the capability to integrate their counterterrorism, preparedness, and response efforts into a national system and expanding their capacity to coordinate support, share resources, and exchange and exploit information. In addition, the federal government must enhance its own capacity to increase situational awareness of national homeland security activities and to shift resources where and when they are needed.

With that in mind, decreasing the number of homeland security grant categories and capping the amount of funds allocated to homeland security grants should be a priority.

The recent homeland security bill passed in the House, H.R. 1, offers an example of a very bad approach to making homeland security grants more effective. Section 201 calls for establishing a new grant category to provide states and communities assistance in building interoperable communications systems. While improving emergency com-

munications is a laudable objective and consistent with the goals of the 9/11 Commission Report, the commission also warned that homeland security grants are in danger of becoming “pork-barrel” legislation, viewed by states as a means to supplant their own obligations to provide emergency services or purchase capabilities that are not essential for safety and security. Indeed, arguably significant amounts of homeland security grants have been used ineffectively in the past.¹⁰

There is nothing wrong with federal assistance for emergency management communications initiatives, but they can and should be funded out of existing homeland security grant programs, displacing wasteful and inefficient efforts that have done little to meet national priorities. Indeed, a recent survey by the Department of Homeland Security of 75 major cities and urban areas reveals that much progress has been made since 9/11—in some cases with the effective use of federal dollars and in other cases by states and local communities without significant federal assistance.¹¹

Similarly wrongheaded is Section 702 of H.R. 1, which calls for establishing a Fusion and Law Enforcement Education and Teaming (FLEET) grant program. State and local law enforcement agencies have a key role to play in preventing terrorist attacks. They represent approximately 95 percent of America’s law enforcement counterterrorism capability. However, they have only limited resources and therefore need to target their efforts. The solution, as the 9/11 Commission recommended, calls for establishing the processes, protocols, and systems to facilitate the sharing of intelligence information between those who collect it and those who need it. In response, the Intelligence Reform and Terrorism Protection Act of 2004 mandated that the President establish an “information sharing envi-

9. For implementation recommendations see James Jay Carafano, Ph.D., Brian W. Walsh, David B. Muhlhausen, Ph.D., Laura P. Keith, and David D. Gentili, “Better, Faster, and Cheaper Border Security,” Heritage Foundation *Backgrounder* No. 1967, September 6, 2006, at www.heritage.org/Research/Immigration/bg1967.cfm; and James Jay Carafano, Ph.D., and David B. Muhlhausen, Ph.D., “State and Local Law Enforcement’s Key Role in Better, Faster, Cheaper Border Security,” Heritage Foundation *Executive Memorandum* No. 1015, November 22, 2006, at www.heritage.org/Research/Immigration/em1015.cfm.
10. James Jay Carafano and Jamie Metz, “Homeland Security Grant Reform: Congressional Inaction Must End,” Heritage Foundation *Backgrounder* No. 1971, September 15, 2006, at www.heritage.org/Research/HomelandDefense/bg1971.cfm.
11. Department of Homeland Security, “Tactical Interoperability Communications Scorecards: Summary Report and Findings,” January 2007, at www.dhs.gov/xlibrary/assets/grants-scorecard-report-010207.pdf (January 29, 2007).

ronment” (ISE) to distribute intelligence regarding terrorism to appropriate federal, state, local, and private entities.

Section 1016 of the bill requires designating an organizational and management structure to establish and maintain the ISE. In turn, the ISE recently released a comprehensive plan for improving information sharing in which state and regional intelligence and information sharing fusion centers play a critical role.¹² Federal funding for these efforts is appropriate. However, as with addressing the issues of interoperable communications, federal contributions to state and local governments should be made through existing grant programs.

In the meantime, improving the ability of state and local law enforcement need not wait until the ISE becomes fully operational. Some shortfalls can be addressed right now. Enhanced information analysis capabilities are critical for counterterrorism operations. Often, the challenge in investigations is making sense of the information available and seeing how the pieces fit together. The right data analysis tools can assist an investigator in assembling a complete picture by allowing for more effective and efficient searches of government databases (e.g., a federated search engine or automated search agent); graphically displaying links among various pieces of information; and applying algorithms to selected data to find patterns. Data analysis capabilities enable investigators to sort through the deluge of information and organize the relevant bits into a coherent mosaic.¹³

Likewise, adding additional significant funding to infrastructure protection grants is a bad idea.¹⁴ The federal government should target resources toward the critical infrastructure in which it has a vested interest. The current list of critical infrastructure is

too expansive, including sectors that are not truly vital to the federal government’s functioning. The federal government has a vested interest in only the most critical assets in the energy, finance, telecommunications, and transportation sectors. With a more limited list of vital critical infrastructure, the responsibility for protecting that infrastructure should be divided according to vulnerabilities and threats. The private sector should work to achieve reasonable reductions in the vulnerabilities (weaknesses) in its infrastructure; the federal government should address outside threats to the infrastructure. Congress can help foster this process by helping to eliminate obstacles to effective information sharing and cooperative action not by throwing money at the problem. Indeed, rather than trying to increase infrastructure protection spending to mirror what is being done in the aviation sector, Congress should be insisting on bringing down the cost of aviation security and make it more effective and affordable.¹⁵

Principle #3: Prepare for Catastrophic Terrorism. The age when only great powers could bring great powers to their knees is over. Long before 9/11, national security experts argued that modern technology and militant terrorist ideologies are creating conditions that increase the potential for catastrophic attacks—risking tens of thousands of lives and threatening hundreds of billions of dollars in damage. Catastrophic threats will overwhelm the response capacity of any state or local government.

The federal government must be prepared to fund the lion’s share of response preparation to these threats. Priorities must be detecting smuggled nuclear, radiological, chemical, and biological weapons; improving decontamination and medical responses to such dangers; ensuring the protection of critical infrastructure whose destruction might result in cat-

12. Program Manager, Information Sharing Environment, *Information Sharing Environment Implementation Plan* (November 2006) at www.ise.gov/docs/ISE-impplan-200611.pdf (January 29, 2007).

13. James Jay Carafano, Ph.D., Paul Rosenzweig, and Alane Kochems, “An Agenda for Increasing State and Local Government Efforts to Combat Terrorism,” Heritage Foundation *Backgrounder* No. 1826, February 24, 2005, at www.heritage.org/Research/HomelandDefense/bg1826.cfm.

14. Alane Kochems, “Who’s On First? A Strategy for Protecting Critical Infrastructure,” Heritage Foundation *Backgrounder* No.1851, May 9, 2005, at www.heritage.org/Research/HomelandDefense/bg1851.cfm.

15. For recommendations, see Robert W. Poole Jr. and James Jay Carafano, Ph.D., “Time to Rethink Airport Security” Heritage Foundation *Backgrounder* No.1955, July 26, 2006, at www.heritage.org/Research/HomelandDefense/bg1955.cfm.

astrophic damage; and harnessing scientific knowledge and tools for counterterrorism efforts.

Assistance on the state and local level should focus on medical surveillance, detection, identification, and communication so that problems can be identified quickly and regional and national resources can be rushed to the scene. Meanwhile, federal programs should be exploring innovative solutions for increasing national surge capacity. Appropriators should support Administration efforts to shift resources from hospital-preparedness grants to more relevant national biomedical-preparedness programs.¹⁶

Congress, on the other hand, must resist efforts to fund “bumper-sticker” programs that exploit fears about catastrophic terrorism, but offer little real prospects for addressing these threats. H.R. 1 offers another example of a bad idea. Sections 405 and 501 of the bill require inspection of every package and container shipped to the United States by air or sea. In addition, the bill requires shipping containers to be secured with seals that report any breach of the container. These requirements run counter to the current national strategy, which, to deter terrorists from exploiting international trade, relies on counterterrorism and intelligence programs combined with risk assessments, random checks, and the inspection of suspicious high-risk cargo. The House bill would replace that system with one that mandates “strip searching” every package and container coming from overseas. The House proposal is seriously flawed on three accounts.

- It is not appropriate for the threat. While smuggling a nuke-in-a-box is possible, so are dozens of other much more likely attack scenarios. Many experts, in fact, argue that other threats are far more dangerous. Over-investing in countering one tactic when terrorists could easily employ another is dangerously myopic.¹⁷
- It does not offer an appropriate solution for screening cargo. It is not clear that technologies for screening and sealing containers are affordable, effective, or efficient. Even if they were, it is not clear that the data could be evaluated in a timely manner.¹⁸ That is why last year Congress passed legislation requiring further tests of screening shipping containers.¹⁹ Notably, the 9/11 Commission recognized this as well. It did not recommend 100 percent screening of shipping containers.
- It is not cost effective. There is no business case for conducting 100 percent screening of cargo. The bill expects the private sector and foreign countries, as well as the U.S. government, to spend billions of dollars on these inspections, even though they would likely be no more effective than current programs. It *might* cost over \$1 billion just to screen the 11 million containers that head to the U.S. every year. That number, however, might represent only a fraction of the cost. There are no firm assessments of all the infrastructure and operating costs that might be incurred.²⁰ Diverting energy and resources into mass screening is a

16. James Jay Carafano, Ph.D., and Richard Weitz, “Learning from Disaster: The Role of Federalism and the Importance of Grassroots Response,” Heritage Foundation *Backgrounder* No. 1923, March 21, 2006, at www.heritage.org/Research/HomelandDefense/bg1923.cfm.

17. Alane Kochems and James Jay Carafano, Ph.D., “One Hundred Percent Cargo Scanning and Cargo Seals: Wasteful and Unproductive Proposals,” Heritage Foundation *WebMemo* No. 1064, May 5, 2006, at www.heritage.org/Research/HomelandDefense/wm1064.cfm; and James Jay Carafano, Ph.D., and Martin Edwin Andersen, “Trade Security at Sea: Setting National Priorities for Safeguarding America’s Economic Lifeline,” Heritage Foundation *Backgrounder* No. 1930, April 27, 2006, at www.heritage.org/Research/NationalSecurity/BG1930.cfm.

18. Susan E. Martonosi, et al., “Evaluating the Viability of 100 Percent Container Inspection at American Ports,” Rand Corporation, May 2006, at www.rand.org/pubs/reprints/2006/RAND_RP1220.pdf (January 29, 2007). The report concludes that a cost-benefit analysis demonstrates 100 percent screening is not feasible, though it does not discount that such technologies may be developed in the future. See Robert W. Poole, Jr., and James Jay Carafano, Ph.D., “Time to Rethink Airport Security” Heritage Foundation *Backgrounder* No. 1955, July 26, 2006, at www.heritage.org/Research/HomelandDefense/bg1955.cfm. This report argues that risk-based screening is more effective.

19. Chris Strohm, “Homeland Security Seeks Deals on Cargo Scanning,” *GovExec.Com*, October 11, 2006, at www.govexec.com/dailyfed/1006/101106tdpm1.htm (January 29, 2007).

poor strategy that is likely to make Americans less—not more—safe.

While any one these concerns might be sufficient to scuttle the proposal, taken together they argue that the requirement simply makes no sense.

Principle #4: Get the Biggest Bang for the Buck. Congress should also direct funding toward programs that provide the greatest contribution to supporting the critical mission areas established by the homeland security strategy. Getting the “biggest bang for the buck” is a worthwhile criterion for guiding spending decisions.

No area deserves more attention than the challenge of maritime security. Estimates for enhancing support security run into the billions of dollars. Lobbying efforts are underway to demand dramatic increases in federal port grants. On the other hand, the Administration has proposed limiting port grants. The government’s restraint is appropriate. The infrastructure at U.S. ports is so vast that providing resources for other than the most critical of needs may not be prudent. Grant programs have proven far more effective when federal money has been used to encourage public–private partnerships that adopt sustainable and effective port-security programs.

To address the considerable vulnerabilities of maritime infrastructure, the greater share of federal dollars might be more effectively used by investments in effective intelligence and early warning, domestic counterterrorism, and border and transportation security programs. These could help to reduce risks by limiting the opportunities for terrorists to reach U.S. ports. The most important and valuable of these investments is modernizing and expanding the capabilities of the U.S. Coast Guard.

Even before September 11, the Coast Guard fleet was widely regarded as too old and too expensive to

operate and maintain, and poorly suited to 21st century homeland security threats. In addition, since the service never had a systematic program for buying and replacing its ships and planes, virtually the entire fleet (most of it fielded in the 1960s) was in danger of becoming obsolete and unusable.

The service’s modernization budget has been increased in recent years, and this year it is over \$1 billion. However, increased funding has not sufficiently accelerated the program to meet post-9/11 demands. Congress has been reluctant to fund the program more aggressively. A series of Government Accountability Office (GAO) reports have examined Coast Guard oversight and the service’s implementation of GAO recommendations. A 2004 GAO report detailed concerns over management practices for contractors that ranged from human capital shortfalls to a lack of performance measures for contract evaluation, but a 2005 report noted progress in improving program management.²¹

The Coast Guard has continued to strengthen oversight of the program. In February 2006, it announced revised plans for the Deepwater Program that reflected a better mix of assets for its homeland security missions, established models to control contracting costs, and included a timeline for rollout of various program components.²² Despite concerns over funding and management, Deepwater has already begun to demonstrate its merit. During the Katrina response, Deepwater assets made a noteworthy difference in how the service responded. Admiral Thad Allen concluded that Deepwater’s “operational benefits were apparent during the Coast Guard’s response to Hurricane Katrina.” For example, the three upgraded HH-65C helicopters can hoist 280 more pounds and stay on scene longer than their predecessors. This enhanced capability allowed them to fly 85 sorties and save 305 lives.

20. Christopher Koch, testimony before the House Committee on Homeland Security, April 4, 2006 at www.worldshipping.org/testimony_house_homeland_security_committee.pdf (January 29, 2007).

21. For a summary of the earlier GAO reports, see U.S. Government Accountability Office, *Coast Guard: Changes to Deepwater Plan Appear Sound, and Program Management Has Improved, But Continued Monitoring Is Warranted*, GAO–06–546, April 2006, at www.gao.gov/new.items/d06546.pdf (July 5, 2006).

22. Admiral Thad Allen, “Statement on the Fiscal Year 2007 President’s Budget: Coast Guard,” testimony before the Subcommittee on Fisheries and Coast Guard, Committee on Commerce, Science, and Transportation, U.S. Senate, June 15, 2006, at commerce.senate.gov/public/_files/Allen061505.pdf (June 22, 2006).

In addition, the Coast Guard cutters with upgraded communication equipment were able to provide effective on-scene coordination of rescue operations with other military units, federal agencies, and local first responders. If a greater number of modernized HH-65C helicopters had been available and deployed, the Coast Guard's ability to respond to calls after the storm would have been greater. However, the cutters deployed for Katrina also limited the deployment of additional modernized aircraft. The cutters had upgraded communications systems, but each cutter could support only one helicopter. The planned Maritime Security Cutter (medium), also known as Offshore Patrol Cutter, could have supported one helicopter and two unmanned air vehicles (UAVs). UAVs could have helped in a myriad of ways, from monitoring the New Orleans levees for breaks and traffic during the evacuation to helping law enforcement control crime to assessing damage after the storm had passed.

Deepwater assets deployed during Hurricane Katrina demonstrated the merit of replacing and upgrading the Coast Guard's older assets. The new capabilities that would have been available from an accelerated program suggest the potential to improve significantly the service's capacity to respond to natural disasters and perform its other missions.

A 2003 Coast Guard study comparing the costs of implementing the program over 20 years versus the costs over 10 years shows that the accelerated 10-year program would save \$4 billion. The longer the program implementation is extended, the more money it will cost. After the 10-year plan is complete, costs drop off dramatically. A 10-year plan is not the silver bullet for every asset, but a close look at which parts of the program could be implemented more quickly and efficiently is warranted. A 2004 RAND study concluded that accelerating Deepwater is not only feasible, but would achieve cost savings by retiring equipment that is more

expensive to operate. The study further found that the implementation costs are manageable, and recommended fully implementing Deepwater. Optimal funding for the Deepwater program (i.e., the level that would provide the most assets the most quickly and at the least cost) will require sustained annual investments of about \$1.5 billion.²³

Principle #5: Watch Information Technology (IT) Spending. Congress needs to pay particular attention to homeland security programs with significant IT components. The federal government's track record in developing IT networks is checkered at best. Programs that lack senior leader involvement, well-developed enterprise architectures, appropriate management and contractual oversight, and effective risk-mitigation strategies often find that results fail to meet expectations or that IT costs balloon out of control—crowding out funding for other critical operational needs.

The Department of Homeland Security is no exception. The DHS Inspector General has already warned that IT management represents a major challenge for the department. Congress must watch these efforts closely.

There are a number of vital programs that must grow, but they must be driven by realistic goals and not capricious congressional mandates. Programs that fit into this category are US-VISIT (United States Visitor and Immigrant Status Indicator Technology program), Secure Flight, and the Secure Border Initiative. These programs should be fully implemented as soon as practical. The government should also develop new technologies such as data mining, link analysis, and other data analysis tools, and the government should create policies and programs that allow law enforcement resources to better target legitimate threats, while limiting intrusion into the lives of citizens.²⁴

However, investments should be made only after pilot programs and demonstration projects have

23. U.S. Coast Guard, "Report to Congress on the Feasibility of Accelerating the Integrated Deepwater System," March 2003, pp. 5–6, at www.uscg.mil/deepwater/pdf/IDSReport.pdf (June 30, 2006).

24. James Jay Carafano, Ph.D., "Promoting Security and Civil Liberties: The Role of Data Mining in Combating Terrorism," testimony before the Senate Judiciary Committee, January 10, 2007, at www.heritage.org/Research/HomelandDefense/tst010907a.cfm.

validated operational concepts and capabilities and after economic competitiveness, effectiveness, and privacy issues have been adequately addressed. Appropriators must be confident that these programs have sound management practices in place. There should be an expectation not only that the programs will perform as expected, but adequate provisions should also be made for operational security, integrating systems, and ensuring effective information sharing.

Principle #6: Fund Human Capital Programs.

Human capital programs, training, professional development, and career management initiatives often receive far less attention than big-dollar acquisition programs that buy expensive, high-tech equipment. Yet human resources are often far more critical to the long-term development and success of an organization. This dynamic is particularly true for the Department of Homeland Security, which has to wed the culture and skills of over 180,000 personnel from 22 different agencies, activities, and programs into one cohesive, versatile, and effective workforce.

There are several issues that are worthy of Congress's attention. One includes creating an Undersecretary for Policy in DHS and fully funding the policy office. For the department to more effectively integrate its activities in support of PSI and other counterterrorism programs, it requires a central senior policy office within the department.²⁵ Secretary of Homeland Security Michael Chertoff rightly sought to establish an Undersecretary for Policy within DHS to conduct program analysis, perform long-range strategic planning, and undertake net assessments. He has already established a Directorate of Policy under an Assistant Secretary for Policy. Now Congress should elevate the position to the undersecretary level and ensure that his office is fully manned and funded.

Education, assignment, and accreditation tools that can be applied to developing professionals for

homeland security and other critical interagency national security activities must also be a priority. A program of education, assignment, and accreditation that cuts across all levels of government and the private sector with national and homeland security responsibilities has to start with professional schools specifically designed to teach interagency skills. No suitable institutions exist in Washington, academia, or elsewhere. The government will have to establish them. They should include:

- A government “brick and mortar” national homeland security university co-located with existing facilities at the National Defense University in Washington, D.C.;
- A U.S. Coast Guard senior service college established as part of the university and equivalent to the other service war colleges;
- A short-term elite interagency “planning” school; and
- A year-long continuing education initiative similar to the Defense Department's Seminar XXI program.

While the resident and non-resident programs of many university and government schools and training centers can and should play a part in homeland security and interagency education, these institutions should form the taproot of a national effort with national standards.²⁶

The Elephant in the Room

The last recommendation I would make is that sustained, adequate homeland security funding for the long term cannot be addressed by the appropriations process alone. Congress must address the issues of entitlement spending and taxes, which, year by year, are consuming an ever larger portion of the economy. This must be done in order to ensure there is adequate discretionary spending to fund homeland security year-in and year-out.

25. James Jay Carafano, Richard Weitz, and Alane Kochems, “Department of Homeland Security Needs Under Secretary for Policy,” Heritage Foundation *Backgrounder* No. 1788, August 17, 2004, at www.heritage.org/Research/HomelandDefense/bg1788.cfm.

26. James Jay Carafano, Ph.D., “Missing Pieces in Homeland Security: Interagency Education, Assignments, and Professional Accreditation,” Heritage Foundation *Executive Memorandum* No. 1013, October 16, 2006, at www.heritage.org/Research/HomelandDefense/em1013.cfm.

Lawmakers typically blame war and homeland security costs for the barrage of new spending since 2001. That explanation is incomplete. In the two years following the terrorist attacks, federal spending jumped by \$296 billion (16 percent). Of this, \$100 billion (34 percent) went for defense and \$32 billion (11 percent) went for other 9/11-related costs such as homeland security, international assistance, rebuilding New York City, and compensating terrorism victims. This leaves \$164 billion in new spending—which represents 55 percent of the total increase—unrelated to defense and the terrorist attacks.²⁷

These spending practices are unsustainable over the long term, particularly if Congress continues to ignore spiraling increases in mandatory spending on federal entitlement programs such as Social

Security, Medicare, and Medicaid. We need fundamental reforms that will lower taxes and stimulate economic growth, and fiscal discipline that will rein in the size of the federal budget. Without sound fiscal policies sustaining an adequate level of homeland security funding over the long term—even if Congress invests more wisely in homeland security programs—will be problematic at best.

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27. Brian M. Riedl, “Most New Spending Since 2001 Unrelated to the War on Terrorism,” Heritage Foundation *Backgrounder* No. 1703, November 13, 2003, at www.heritage.org/Research/Budget/BG1703.cfm.