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Strengthening Homeland Security: Reforming Planning and Resource Allocation

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2008 Presidential Transition Series

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FOREWORD

On behalf of the IBM Center for The Business of Government, we are pleased to present this report, "Strengthening Homeland Security: Reforming Planning and Resource Allocation" by Cindy Williams, principal research scientist in the Security Studies Program at the Massachusetts Institute of Technology.

Albert Morales

The terrorist attacks of 2001 and the aftermath of Hurricane Katrina in 2005 revealed serious weaknesses in U.S. domestic preparedness. Since 2001, federal spending for homeland security has more than tripled. The Department of Homeland Security was created to pull together many facets of the federal effort to prevent terrorist acts, protect people and infrastructure, and mitigate the consequences in the event of attacks. "Unfortunately, the nation is not getting two results that experts and policy makers hoped would flow from those changes: spending tied clearly to the nation's top priorities and unity of effort across the entire federal homeland security establishment," notes Dr. Williams.

David A. Abel

Her report presents findings about the organizational structure, processes, and tools that surround planning and resource allocation for homeland security in the executive branch and Congress. She explores problems with today's arrangements and offers recommendations for consideration by the next president and the next Congress.

"Improved organizations and processes are not the solution to every problem. Capable leaders can push their priorities into programs and budgets even when organizations are ill equipped or processes are weak, and poor leaders can subvert even the most impressive processes," observes Williams. "Nevertheless, solid structures and sound processes for planning and resource allocation can help decision makers get needed information about the costs and potential consequences of the options available to them."

Improving planning and resource allocation can help leaders establish control over priorities by strengthening the links between strategies and budgets. Perhaps, as Williams compellingly suggests—and most important for the federal homeland security effort—improved planning and resource allocation can help pull the policies and budgets of the individual components of homeland security into a cohesive whole.

We hope that this timely and informative report will be useful in the coming transition to a new administration and Congress.

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EXECUTIVE SUMMARY

In 2003, the Bush administration undertook the most extensive restructuring of federal government in more than five decades, drawing 22 disparate agencies into a new Department of Homeland Security (DHS). Proponents of the reorganization hoped that a single cabinet secretary could bring unity of effort across federal efforts to prevent terrorist attacks within the United States, reduce the vulnerability of people and infrastructure to terrorism, and minimize the damage and recover from attacks that do occur.

Five years later, the nation's homeland security effort is anything but unified. Core legacy organizations that migrated into DHS still generally set their own agendas, often with strong backing from supporters in Congress. The same is true for the other departments and agencies with a role in homeland security, whose activities account for fully one-half of federal spending for the overall effort.

Strong organizations and processes for planning and resource allocation can help leaders press policy goals into programs and orchestrate the activities of diverse players. DHS moved early to establish a Planning, Programming, Budgeting, and Execution System (PPBE) to help leaders gain control of priorities and resources and orchestrate endeavors across the department. The White House established a Homeland Security Council and a created a new branch within the Office of Management and Budget (OMB). Congress altered its committee structure.

Crucial weaknesses remain, however. In DHS, weak internal processes, a lack of analytic capacity, and a lack of leadership attention early in the planning cycle are keeping the nation from getting its money's worth. The White House is still poorly organized for the job and short on people with the needed outlook and analytic skills. Congress is still hampered by a tangle of committee and subcommittee jurisdictions, a lack of analytic capacity in its support agencies, and outdated budget and account structures.

The coming transition to a new administration and Congress opens a window for reform of the organizational structures and processes that surround planning and resource allocation for homeland security in the executive branch and Congress. This report offers the following findings and recommendations:

Changes to Organizational Structures

FINDING 1: The Executive Office of the President is not well structured or staffed to integrate the strategic planning and resource allocation that are needed to address long-term security challenges, especially when those challenges lie at the intersection of homeland security and national security.

RECOMMENDATION 1: The next administration should reconfigure the Executive Office of the President to strengthen White House oversight of homeland security and diminish the current seams between homeland security and national security. Specifically, the 44th president should:

- Abolish the Homeland Security Council and fold its functions into an expanded National Security Council (NSC).
- Move OMB's homeland security branch into the National Security Resource Management Office.
- Create dedicated cells within the NSC staff and OMB to conduct long-term planning, risk

assessment, gap analyses, and tradeoff studies, and identify key long-term federal priorities, constrained by realistic future budgets.

Finding 2: The Department of Homeland Security does not call on an operational board of senior leaders to deliberate together and advise the secretary on important tradeoffs, and lacks the analytic capacity to conduct the tradeoff studies that should inform the secretary's broad resource allocation decisions.

Recommendation 2: The next secretary of homeland security should make the following changes within DHS:

- Establish a working Departmental Resource Planning Board, chaired by the secretary or deputy secretary and including the senior staff of the Office of the Secretary, the heads of the operating components, the director of program analysis and evaluation (PA&E), and the director of the Budget Division of the Office of the Chief Financial Officer.
- Expand the Office of Program Analysis and Evaluation to include a cohort of experienced analysts with the skills, outlook, and mandate to conduct tradeoff studies that cut across the department's operating components.

Finding 3: The current structure of Congress's authorizing committees stands in the way of achieving a unified approach to homeland security resource allocation.

Recommendation 3: The 111th Congress should consolidate oversight responsibility for DHS and overall homeland security policy within a single homeland security authorizing committee in each chamber.

Finding 4: The Congressional Budget Office (CBO) lacks the resources and staff it needs to conduct nonpartisan studies of homeland security issues or of issues that lie at the intersection of homeland security and national security.

Recommendation 4: The 111th Congress should provide the resources needed to expand the National Security Division and the Budget Analysis Division of the Congressional Budget Office, to include at least 10 analysts between the two divisions who are skilled in assessing the costs and implications of administration plans and potential alternatives for homeland security and for functions that lie at the intersection of homeland security and national security. The director of CBO should carry out the expansion.

Changes to Processes and Tools

Finding 5: The absence of a budget function for homeland security, coupled with the hodgepodge of appropriation accounts for the various components of DHS and the lack of a consistent historical record of homeland security spending by agency and mission, stand in the way of an integrated approach to homeland security resource allocation and congressional oversight.

Recommendation 5: The next administration and Congress should work together to improve federal budget structures, account structures, databases, and reports to foster a more unified and mission-oriented approach to homeland security budgets and oversight. Specifically:

- The 111th Congress should create a new homeland security budget function that includes all of the federal homeland security activities currently reported by OMB in the chapter on Crosscutting Programs of the *Analytical Perspectives* volume of the federal budget.
- Congress should require, and OMB should establish, a historical record of homeland security spending by agency and mission, to be included in the historical tables of the annual budget submission.
- The new Congress, working with the new secretary of homeland security, should create a unified set of mission-based appropriation accounts for the department.

Finding 6: The plethora of homeland security strategy documents is confusing, and DHS resources are not well linked either to the strategies or to DHS assessments of threats, vulnerabilities, and risks.

Recommendation 6: The new administration should take the following actions to improve its articulated homeland security strategies and strengthen the

linkages between strategy and resources for homeland security:

- The Executive Office of the President and the new secretary of homeland security should improve national and DHS assessments of threats, vulnerabilities, and risks.
- Within the first year, the Executive Office of the President should update, integrate, and streamline the strategy documents for homeland security. A single overarching strategy for homeland security should include a prioritized list of the nation's critical homeland security missions and a prioritized list of the critical missions to be carried out by the federal government. The national strategy for homeland security should be updated at least every four years.
- Within the first year, the Executive Office of the President should conduct a Quadrennial Homeland Security Review (QHSR) that draws genuine long-term links between the strategy articulated in the streamlined homeland security strategy document and the resources the administration intends to devote to homeland security. The QHSR should start with the administration's national homeland security strategy; articulate a prioritized list of the nation's critical homeland security missions; and identify the federal programs, infrastructure, and budget plan that will be required to implement the strategy successfully.
- The secretary of homeland security should use the QHSR as the basis of the PPBE in DHS. The QHSR should also form the basis of plans, programs, and budgets for homeland security in the other departments and agencies with roles in homeland security.

Finding 7: As practiced in DHS, the PPBE lacks formal mechanisms to facilitate the secretary's personal involvement, to build consensus for resource allocation decisions among the component heads, and to provide the secretary of homeland security with independent analyses of the costs, risks, and other implications of the components' plans and alternatives to them.

Recommendation 7: The new secretary of homeland security should make improvements to the department's PPBE process and should engage personally at key points in the process. Specifically, the secretary should:

- Institutionalize a meeting of the Departmental Resource Planning Board to discuss priorities in advance of preparation of the Integrated Planning Guidance.
- Personally review the Integrated Planning Guidance and sign it on schedule.
- As part of the program review, instruct the director (PA&E) to conduct tradeoff studies and provide information about the costs and risks associated with a variety of alternatives to component programs. Alternatives should include tradeoffs within and among components. The tradeoff studies should form the basis of some draft Resource Allocation Decisions (RADs).
- Institutionalize a meeting of the Departmental Resource Planning Board to review the alternatives considered in PA&E's tradeoff studies and discuss draft Resource Allocation Decisions.

Finding 8: Congress's nonpartisan support agencies play an important role in providing information and analyses that can help lawmakers improve the allocation of federal resources to homeland security.

Recommendation 8: The 111th Congress should make specific requests to the Congressional Budget Office, the Congressional Research Service (CRS), and the Government Accountability Office for studies of the administration's plans for homeland security and alternatives to them. At a minimum:

- During the first year, CRS should be asked to provide a report on the issues for congressional consideration that are likely to be raised by the QHSR.
- During the first year, the chairmen and ranking members of the House and Senate homeland security authorizing committees should ask CBO to prepare an assessment of the administration's QHSR.
- The chairmen and ranking members of the House and Senate homeland security authorizing committees should ask CBO each year to conduct a study of the costs, risks, and other implications of

the administration's plans for homeland security and of alternatives to those plans.

- The chairmen and ranking members of committees and subcommittees of jurisdiction should ask CBO to conduct studies of major homeland security programs that identify and analyze a menu of options for consideration by lawmakers.

Finding 9: Congress lacks an integrated approach to resource allocation and oversight of homeland security and of issues that lie at the intersection of homeland security and national security.

Recommendation 9: The 111th Congress should conduct cross-committee and cross-subcommittee hearings of homeland security issues and of issues that lie at the intersection of homeland security and national security. In particular:

- The House and Senate Budget Committees should hold hearings to help determine an appropriate allocation of resources to the newly instituted homeland security budget function.
- Following the administration's submission to Congress of the QHSR, lawmakers should hold cross-committee hearings on the administration's review, informed by the CBO and CRS reports.
- Authorizing committees and Appropriations subcommittees should conduct regular joint hearings of homeland security activities that continue to cut across committee or subcommittee jurisdictions.

Improved organizations and processes are not the solution to every problem. Capable leaders can push their priorities into programs and budgets even when organizations are ill equipped or processes are weak, and poor leaders can subvert even the most impressive processes. Nevertheless, solid structures and sound processes for planning and resource allocation can help decision makers get needed information about the costs and potential consequences of the options available to them. They can help leaders establish control over priorities by strengthening the links between strategies and budgets. Perhaps most important for the federal homeland security effort, they can help to pull the policies and budgets of competing organizations into a cohesive whole.

Introduction

The Homeland Security Act of 2002 launched the most extensive reorganization of U.S. government since the creation of the Department of Defense in 1947. Under the terms of the legislation, the Bush administration in January 2003 drew 22 disparate agencies and some 170,000 employees into the new Department of Homeland Security (DHS). Proponents of the reorganization believed that a single department under a single cabinet secretary would be able to achieve what the White House Office of Homeland Security could not: unity of effort across the bulk of federal activities related to domestic security.[1]

Yet five years later, the nation's homeland security effort is anything but unified. The core legacy organizations that migrated into DHS still generally set their own agendas, often with strong backing from supporters in Congress. Moreover, fully half of federal spending for homeland security falls outside the new department, yet little is done at the White House level to allocate resources among the various departments, agencies, and programs consistent with a top-level strategy. Congress has established new committees and subcommittees with jurisdiction over some homeland security activities, but oversight of the big picture is made virtually impossible by the legacy interests and jurisdictions of multiple committees and subcommittees.

The White House articulates its strategic goals for homeland security in *The National Strategy for Homeland Security*.[2] Unless backed by resources, however, such strategy documents are little more than rhetoric. Turning strategy into reality requires allocating resources to reflect the strategy, putting the taxpayers' money toward the highest-priority efforts and accepting risk in the others. Safeguarding the United States from terrorist threats will require the genuine integration of strategies and budgets, both within DHS and across all the federal departments and agencies with roles in homeland security.

To establish strong links between strategy and resources within DHS, the fledgling department fashioned a Planning, Programming, Budgeting, and Execution System (PPBE), modeled after that of the Department of Defense (DoD). A PPBE is a phased, disciplined process designed to help leaders explore tradeoffs and make decisions based on explicit criteria of national strategy, rather than compromises among institutional forces. Such a system can help bring programs and budgets into line with strategic goals. A PPBE can also serve as a management tool by revealing gaps and areas of duplication across the various components and programs of the organization and by fostering an outlook that considers the future costs and consequences of current decisions.[3]

This report examines the structures, processes, and tools in the executive branch and Congress that surround planning and resource allocation for homeland security. It explores problems with today's arrangements and offers recommendations to enhance the linkage from strategic goals to programs and budgets and improve unity of effort.

Background

When Secretary of Defense Robert McNamara established the Planning, Programming, and Budgeting System (PPBS) in the Department of Defense in the early 1960s, he hoped the new mechanism would help turn the promise of the National Security Act of 1947 into reality.[4] The secretary would take control of the reins of policy and budget by making major

decisions about how to allocate the department's resources among programs.

The PPBS would provide decision makers with explicit information about the multi-year costs and consequences of multiple policy alternatives.[5] The process would culminate in a five-year defense program (FYDP, later renamed the Future Years Defense Program and structured in alternate years with a five-year or six-year outlook). To manage the new process, formulate policy alternatives, and conduct tradeoff studies of the costs and consequences of the various choices, Secretary McNamara created within the Office of Secretary of Defense a new systems analysis office, later renamed the Office of Program Analysis and Evaluation (PA&E).[6]

Similarly, in 2003, the staff of the secretary of homeland security hoped that a PPBE could help turn a loose confederation of 22 legacy agencies into a single department, with a coherent set of programs and activities organized around the goals of the national strategy. Of particular interest were seven main operating components, which together account for nearly three-quarters of the department's budget: the Secret Service, the Federal Emergency Management Agency (FEMA), the United States Coast Guard, the Transportation Security Administration (TSA), Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and Citizenship and Immigration Services (CIS) (see Figure 1 on page 12).

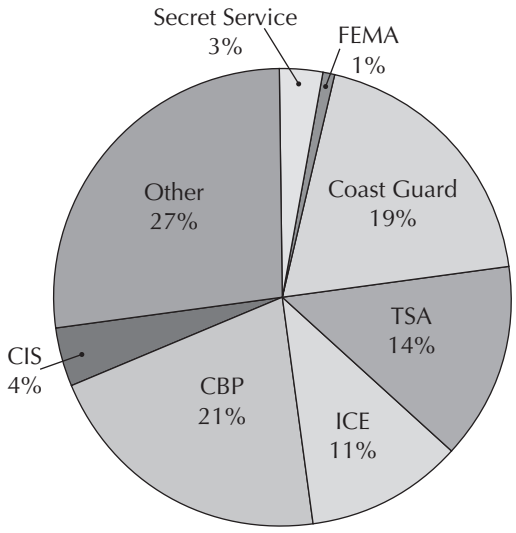
The Homeland Security Act of 2002 requires DHS each year to submit a five-year plan, called the Future Years Homeland Security Program (FYHSP), similar in structure and level of detail to DoD's FYDP. DHS moved early to establish a PPBE as the basis of its FYHSP. To manage the PPBE, the department's first chief financial officer set up a PA&E similar to DoD's.

The DHS staff understood that the legacy agencies would guard jealously what they considered to be their "fair shares" of the department's budget. The path of least bureaucratic resistance would be to allocate budgets consistent with past shares of collective budgets. Nevertheless, they hoped that a disciplined PPBE process, coupled with rising total budgets and the fluid environment of a new department, would help break the mold of incremental budgeting.

Acronyms and Abbreviations

AG	Attorney General
CBO	Congressional Budget Office
CBP	Customs and Border Protection
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIS	Citizenship and Immigration Services
CRS	Congressional Research Service
DHS	Department of Homeland Security
DoD	Department of Defense
EOP	Executive Office of the President
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FY	Fiscal Year
FYDP	Future Years Defense Program (previously Five-Year Defense Program)
FYHSP	Future Years Homeland Security Program
GAO	Government Accountability Office
HSC	Homeland Security Council
HSGAC	Homeland Security and Governmental Affairs Committee
HSPD	Homeland Security Presidential Directive
ICE	Immigration and Customs Enforcement
IPG	Integrated Planning Guidance
NSC	National Security Council
NSPD	National Security Presidential Directive
OMB	Office of Management and Budget
PA&E	Program Analysis and Evaluation
PART	Program Assessment Rating Tool
PCC	Policy Coordinating Committee
PPBE	Planning, Programming, Budgeting, and Execution System
PPBS	Planning, Programming, and Budgeting System
QDR	Quadrennial Defense Review
QHSR	Quadrennial Homeland Security Review
RAD	Resource Allocation Decision
RAP	Resource Allocation Plan
RMO	Resource Management Office
TSA	Transportation Security Administration

Figure 1: DHS Budget Authority by Component, FY 2007 (Total $44.6 Billion)



Notes: FEMA figure excludes grants & disaster relief. Figures include emergency supplemental for Global War on Terrorism. "Other" category includes departmental operations, preparedness grants, Federal Law Enforcement Training Center, analysis and operations, science and technology, Domestic Nuclear Detection Office.

Source: *Author's calculations based on DHS Budget in Brief, FY 2008.*

The 2002 *National Strategy for Homeland Security* identified six critical mission areas for homeland security (see the box at right).[7] DHS staff expected that the department could organize its budget around those missions, as the Defense Department did with its major force programs in the 1960s. It would make sense for the new department to allocate funds based upon the importance and needs of those missions as related to strategy, independent of fair share considerations across legacy components.

A comparison of DHS budgets in recent years against earlier budgets of the legacy agencies reveals that those hopes were not realized, however.[8] Between 2003 and 2007, no more than 2 percent of the DHS budget migrated into or out of the Secret Service, FEMA, the Coast Guard, ICE, or CIS. CBP's share, which dropped a bit in 2004 and 2005, rose in 2007 to pay the $1.2 billion bill for SBInet, a new program to develop and deploy technologies for border control. TSA's share dropped gradually from 17 percent to 14 percent. The goal of basing homeland security activities on priorities drawn from broad national or departmental goals and missions has not been realized (see Table 1).

Not all of the resource allocation problems can be blamed on DHS. Other federal departments, the Executive Office of the President, and Congress also play major roles in homeland security, and their organizational structures and processes for homeland security resource allocation also suffer from serious weaknesses.

In 2007, at least six federal departments outside DHS spent more than $500 million each for homeland security; only about half of all federal spending for the homeland security function falls within DHS (see Table 2). The Office of Management and Budget (OMB) reports annually on homeland security activities and budgets in all federal departments and agencies, but top-down, long-term planning and resource allocation across the disparate departments are minimal.

In recent years, the House and Senate reorganized their committees and subcommittees to improve oversight and resource allocation for homeland security. Nevertheless, overlapping jurisdictions in each chamber, differences in committee alignment between the two chambers, and inadequate tools still stand in the way of a unified approach.

Six Critical Mission Areas for Homeland Security

- Intelligence and warning
- Border and transportation security
- Domestic counterterrorism
- Protecting critical infrastructures and key assets
- Defending against catastrophic threats
- Emergency preparedness and response

Source: The National Strategy for Homeland Security, *July 2002, p. viii.*

Table 1: Operating Component Shares of DHS Total Budget, Fiscal Years 2003 to 2008[a] (as Percentages)

	2003	2004	2005	2006	2007 Estimate	2008 Request
Secret Service	4	4	4	3	3	3
FEMA Operations, Planning, and Support[b]	n.a.	1	1	1	1	1
Coast Guard	20	19	19	19	19	19
TSA (including Federal Air Marshals)[c]	17	15	16	15	14	14
ICE (net of Federal Air Marshals)[c]	9	9	9	10	11	11
CBP	19	17	17	19	21	22
CIS	5	5	5	5	4	6
Seven Components' Share of Total DHS	**73**	**69**	**70**	**72**	**73**	**76**

Notes: Totals may not add due to rounding.
n.a. = not available

[a] Figures based on total budgets, including discretionary, mandatory, and fee-funded activities. Figures exclude funding for Bio-Shield and emergency supplemental appropriations for disaster relief; they include supplementals for Global War on Terrorism.

[b] Figure is for core operations of FEMA; excludes most grants to state and local governments as well as disaster relief.

[c] Federal Air Marshals transferred from ICE to TSA in January 2006. For comparability, this table includes budgets for Federal Air Marshals in the TSA figures, rather than in the ICE row, for all six years.

Source: *Author's calculations based on DHS Budget-In-Brief, FY 2004 to 2008.*

Table 2: Homeland Security Funding by Agency, Budget Authority in Billions of Current Dollars

	2007		2008 Request
Homeland Security Funding	**Enacted/ Continuing Resolution**	**Supplemental**	**Total**
Department of Homeland Security	26.9	1.8	29.7
Department of Defense	16.5	0	17.5
Department of Health and Human Services	4.3	0	4.4
Department of Justice	3.1	0	3.3
Department of Energy	1.7	0	1.8
Department of State	1.2	0	1.4
Department of Agriculture	0.5	0	0.7
National Science Foundation	0.3	0	0.4
Other Agencies[a]	1.5	0.1	1.6
Total, Homeland Security Funding	**56.4**	**1.9**	**61.1**

Notes: Totals may not add due to rounding.

[a] Includes those agencies whose FY 2007 budgets are less than $0.2 billion.

Source: *Budget of the United States Government, Fiscal Year 2008,* Analytical Perspectives *(Washington, DC: The White House, February 2007), Table 3-1.*

Realizing the Potential of New Organizations

Creating new organizations in the executive branch and Congress cost money and created substantial turbulence. Yet five years down the road, the nation is not reaping the advantages that should follow. The next administration and Congress need to strengthen planning and resource allocation for homeland security from top to bottom: in the Executive Office of the President and across the Congress as well as in DHS and the other federal departments and agencies that play a role in homeland security.

Strengthened organizations and processes are by no means the solution to every problem. Capable leaders can establish their priorities in programs and budgets even when processes are weak, and poor leaders can subvert first-rate processes. Moreover, when much of what passes for strategy is actually political rhetoric, budgetary outcomes may well reflect genuine priorities even when they differ dramatically from articulated policy. That said, solid structures and sound processes can help to inform decision makers of the costs and potential consequences of the options available to them. They can help leaders establish control over genuine priorities and pull the activities of competing organizations into a cohesive whole.

The next section looks at resource allocation and budgeting within DHS. Two successive sections consider the organizations, processes, and tools surrounding homeland security resource allocation in the White House and Congress. The final section concludes with findings and recommendations for reform.

Structures, Processes, and Tools in the Department of Homeland Security

National leaders created DHS to unify the federal response to the terrorist challenge. Unfortunately, strong legacy interests, weak internal processes, a lack of analytic capacity, and a lack of leadership attention early in the planning cycle are keeping the nation from getting its money's worth from the new department. This section describes DHS's main budget breakouts and some problems that they pose. It then outlines the PPBE as it is meant to run, examines problems in the way the process is practiced today, and recommends improvements.

DHS's Budget Categories

DHS views its programs through a variety of budget lenses. The main budget breakouts are by organizational component, homeland security versus non-homeland security, homeland security critical mission area, and appropriation account. Table 3 on page 16 displays DHS's budget request for FY 2008 by organizational component.

Only 64 percent of the department's FY 2008 budget request goes to homeland security (see Table 4 on page 17). The remaining 36 percent goes toward non-homeland security activities such as the Coast Guard's water safety efforts and FEMA's preparations to deal with natural disasters. DHS also prepares a breakout of its homeland security-related budget according to the six critical mission categories identified by the 2002 *National Strategy for Homeland Security*.[9]

Finally, department budgets are transmitted to Congress using the appropriation titles and accounts that lawmakers will examine and into which funds are appropriated. There are five appropriation titles for homeland security (see Table 5 on page 17).

Within the appropriation structure, DHS's operating components generally retain the same appropriation accounts that they inherited from their legacy departments. For example, FEMA has a detailed account structure that includes some 17 accounts (see Table 6 on page 18). In contrast, ICE has just four broad accounts.

Reevaluating DHS's Appropriation Structure

To a large extent, the appropriation structure determines the level of visibility that Congress and the public have into DHS's programs and activities. Because the shift of money across appropriation accounts within DHS is strictly controlled, the appropriation structure also serves as a key tool of congressional oversight and control.

Yet today's appropriation structure for homeland security is a hodgepodge of accounts that vary across components depending upon their history. Some accounts, such as CBP's "border security, fencing, infrastructure, and technology," are quite detailed and mission oriented. Others, such as ICE's blanket "salaries and expenses," conceal any relationship between funding and programs. They seem so general as to be useless in providing insight into or control over the allocation of resources.

To a large extent, the homeland security structure reflects the failure of Congress to adjust its committee jurisdictions to the new department (see the section "Resource Allocation in Congress"). Two other reasons for the fractured appropriation structure stand out. One is congressional concern that the department will fail to allocate sufficient resources

Table 3: FY 2008 President's Budget for DHS by Organization (Includes Gross Discretionary and Mandatory, Fees, Trust Funds)

Organization	FY 2008 Budget Authority (Millions of Dollars)
Departmental Operations	683
Analysis and Operations	315
Office of the Inspector General	99
U.S. Customs & Border Protection	10,174
U.S. Immigration & Customs Enforcement	5,014
Transportation Security Administration	6,401
U.S. Coast Guard	8,775
U.S. Secret Service	1,609
National Protection and Programs Directorate	1,047
Office of Health Affairs	118
Federal Emergency Management Agency	5,824
FEMA: Office of Grant Programs	2,196
U.S. Citizenship & Immigration Services	2,567
Federal Law Enforcement Training Center	263
Science & Technology Directorate	799
Domestic Nuclear Detection Office	562
Total	**46,448**
Less Rescission of Prior Year Carryover Funds	(49)
Adjusted Total Budget Authority	**46,400**

Source: *U.S. Department of Homeland Security, "Homeland Security Budget in Brief, Fiscal Year 2008," p. 19.*

to the new priorities. That concern is evident in new appropriation accounts that shine a light on areas of congressional interest, such as "border security, fencing, infrastructure, and technology" for CBP. In contrast, broad categories like "salaries and expenses" in ICE reflect the failure of some of the legacy agencies to move away from traditional methods of accounting. The lack of a central appropriation structure complicates the jobs of PA&E and the CFO, and may hamper the translation of broad departmental goals into budgets.

A more useful appropriation structure would separate DHS's homeland security functions from its non-homeland security activities. Within the homeland security function of each component, it would include six separate accounts, one for each of the critical mission areas. Such an account structure would facilitate resource allocation by mission.

DHS's PPBE: A Good Start

The 107th Congress and the nascent DHS set in motion a five-year programming cycle and a deliberate process for resource allocation that offer great potential for infusing national priorities into programs and instilling unity of effort among the department's diverse components. The congressional mandate for a FYHSP appears already to be fostering a long-term outlook within the department, although looking more than a single year into the future still appears to be a challenge for most of the legacy components. In addition, the PPBE encourages discussions of the linkages between national and departmental strategy and the department's programs and budgets. The director of strategic plans and the director of PA&E are clearly committed to aligning budgets with key priorities.

As it is meant to operate, DHS's PPBE process has four phases. The first three, which unfold in sequence, are planning, programming, and budgeting. They are followed by transmission of the budget and five-year plan to the White House and Congress (see Table 7 on page 19). After the budget is passed by Congress and signed into law by the president, the execution phase for that budget takes place. Programs funded by budgets passed in the current and previous years are in their execution phases while the planning, programming, and budgeting phases for future years are carried out. The director (PA&E) is responsible for managing the overall process.[10] Detailed steps in the planning and programming phases are presented in the Appendix.

Planning Phase

For each year's budget, the planning process in DHS begins about two years before the start of the fiscal year. This phase is meant to provide crucial links from the national homeland security strategy, assessments of the security environment, and the secretary's key priorities to the department's plans for future staffing, programs, and activities. Planning documents are generally unconstrained by resources.

Table 4: FY 2008 President's Budget for Homeland Security Activities in DHS, by Critical Mission Area

Critical Mission Area	FY 2008 Budget Authority (Billions of Dollars)
Intelligence and Warning	0.3
Border and Transportation Security	20.8
Domestic Counterterrorism	2.2
Protecting Critical Infrastructure & Key Assets	3.0
Defending Against Catastrophic Threats	1.3
Emergency Preparedness and Response	1.8
Other	0.2
Total, DHS Homeland Security Activities	**29.6**
DHS Non-Homeland Security Activities	16.8
Grand Total DHS	**46.4**

Source: *Author's display, based on Budget of the United States for FY 2008,* Analytical Perspectives*, pp. 22–29, and DHS Budget in Brief, FY 2008.*

The process begins with a threat and vulnerability assessment that projects the operating environment for homeland security for the coming five to 10 years. The assistant secretary (Intelligence & Analysis) works with the components and the science and technology offices to develop a picture of the world environment and identify high-priority threats and vulnerabilities.

The threat and vulnerability assessment is central to the approach to resource allocation articulated in the October 2007 *National Strategy for Homeland Security*. The strategy document identifies risk as a function of three elements: threats, which include natural disasters and catastrophic accidents as well as terrorist capabilities for and intentions to attack; vulnerabilities to those threats; and the consequences of such events. It calls for a "risk-based framework" to "identify and assess potential hazards …, determine what levels of relative risk are acceptable, and prioritize and allocate resources among all homeland security partners." The threat and vulnerability assessment should point to important security gaps and inform resource priorities by clarifying the risks associated with various policy choices.

Table 5: Homeland Security Appropriation Titles

Title	Organizations Funded Through the Title
Title I: Departmental Operations	• Office of Management • Office of the Secretary • CFO • Analysis & Operations • CIO • Office of the Inspector General • Federal Coordinator for Gulf Coast Rebuilding
Title II: Security, Enforcement, & Investigations	• CBP • ICE • TSA • Coast Guard • Secret Service
Title III: Preparedness & Recovery	• National Protection & Programs Directorate • FEMA • Office of Health Affairs
Title IV: Research & Development	• CIS • Science & Technology Directorate • Federal Law Enforcement Training Center • Domestic Nuclear Detection Office
Title V: General Provisions	
Note: Distribution reflects organizational changes requested in the President's budget for FY 2008.	

Source: *Author's display, based on CRS Report to Congress, "Homeland Security Department: FY2008 Appropriations" (Washington, DC: Congressional Research Service, May 17, 2007), p. 2.*

Table 6: Appropriation Accounts of Three DHS Components

FEMA	• State and local programs • Assistance to firefighter grants • United States Fire Administration • Operations, Planning and Support • Readiness, Mitigation, Response and Recovery • Administrative and Regional Operations • Office of the Under Secretary • Public Health Programs – National disaster medical system	• National pre-disaster mitigation fund • Emergency food and shelter • Disaster relief • Cerro Grande fire claims • Flood map modernization fund • Direct assistance disaster loan program account • Biodefense countermeasures • National flood mitigation fund • Flood mitigation fund offsetting collections
Customs and Border Protection	• Salaries and expenses • Automation modernization • Construction • Border security, fencing, infrastructure and technology	• Air and marine interdiction, operations, maintenance and procurement • Fee accounts & trust funds
Immigration and Customs Enforcement	• Salaries and expenses • Federal protective service	• Automation modernization • Fee accounts

Concurrent with the threat and vulnerability assessment, the director of strategic plans works with the components and regional headquarters to develop the strategic assessment report.[11] That report, scheduled for publication in October, communicates strategy recommendations and requirements to be considered during programming. The report should identify shortfalls and gaps, particularly those that cut across components and regions.

The planning process culminates with preparation of the Integrated Planning Guidance (IPG), which the assistant secretary for policy prepares for the secretary's signature with help from PA&E and the CFO's budget division. The IPG should be provided to the components by January, 13 months before the administration will submit its budget request to Congress. The IPG includes a discussion of strategic goals and objectives, a description of the projected operating environment, a list of key program and policy priorities, and fiscal guidance to each component (see Table 8). The IPG may provide specific guidance on issues like biodefense that cut across multiple components.

The secretary of homeland security is meant to sign the IPG. In the first iterations of the process, however, the IPG went out without his signature. Thus as actually practiced, the planning phase lacked the force of his authority and possibly the benefit of his attention.

Programming Phase

During the programming phase, DHS components and the Office of the Secretary translate the policy and fiscal guidance provided at the end of the planning phase into the detailed allocation of resources for the five-year period. Between January and April, each component develops a Resource Allocation Plan (RAP). The RAP includes a program-by-program budget proposal and justification materials for the five-year period. The components enter their RAPs electronically into the CFO's databases.

After the components submit their RAPs, PA&E conducts a program review. The review is meant to focus on the components' compliance with strategic guidance and the secretary's key priorities. PA&E reviews the components' compliance with funding targets provided with the IPG. In addition, the program review includes a look at the allocation of funding across the six critical homeland security missions established in the national strategy (see the box "Six Critical Mission Areas for Homeland Security" on page 12).

Table 7: Planning, Programming, Budgeting, and Execution System (PPBE) for the Fiscal Year 2008 Budget in the Department of Homeland Security

Date	Event or Product	Responsible Office
Planning Phase		
Oct 05	Threat & Vulnerability Assessment	Office of Intelligence & Analysis, with components
Oct 05	Strategic Assessment Report	Director, Strategic Plans
Jan 06	Integrated Planning Guidance (IPG)	Assistant Secretary for Policy, with CFO (PA&E and Budget), input from others
Programming Phase		
Jan to Apr 06	Resource Allocation Plans (RAPs)	Components
Apr to Jul 06	Program Review, culminating in Resource Allocation Decisions (RADs) to components: emphasis on resource allocation, priorities	PA&E, Secretary
Budgeting Phase		
Jun to Sep 06	Budget Review, culminating in DHS budget and FYHSP: emphasis on pricing, phasing, performance, execution	CFO (Budget)
Sep 06	DHS budget and FYHSP to OMB	CFO
Transmission to Congress		
Feb 07	DHS budget and FYHSP to Congress	OMB

Source: *Author's display based on DHS Management Directive, "Planning, Programming, Budgeting and Execution" and presentation provided to the author during interviews at DHS.*

PA&E also works with the components' planning and budgeting offices to develop performance metrics that capture key effectiveness goals for DHS's major programs, and to assess those programs relative to the metrics. These performance assessments use OMB's Program Assessment Rating Tool (PART) and are an input to PA&E's review.

If the review surfaces differences between the RAPs and the secretary's guidance, then PA&E drafts a Resource Allocation Decision (RAD) for the secretary's signature. The secretary or deputy secretary then meets individually with component leaders to discuss the RADs and finalize decisions. By July (about six months before the budget goes to Congress), PA&E prepares and the secretary

Table 8: Elements of DHS Integrated Planning Guidance (IPG)

Element	Responsible Office
Strategic goals and objectives	Assistant Secretary for Policy, with PA&E
Projected operating environment for 10 years	Office of Intelligence & Analysis, with components
DHS program and policy priorities	Assistant Secretary for Policy
Fiscal guidance: five-year funding targets by component	CFO (PA&E and Budget Division)
Instructions for preparation and submission of budget proposals and justification materials to be prepared during the programming phase	CFO (PA&E and Budget Division)

Source: *Author's display based on DHS Management Directive, "Planning, Programming, Budgeting and Execution" and presentation provided to the author during interviews at DHS.*

signs the final RADs, and the programming phase is complete.

Budgeting Phase

Shortly before the programming phase is finished, the CFO's budget office begins its budget review, the heart of the budgeting phase. The budget review focuses on program pricing, performance, and execution. PART assessments continue in this phase, with an emphasis on financial performance.

During the budget review, the CFO also adjusts current and past budget figures for recent congressional action, changes in the costs of systems being purchased or in development, and other fact-of-life changes. Based on changes in requirements, the CFO may recommend small adjustments to the figures in the RADs, but by that point in the cycle, any increase in funding is expected to be offset with a decrease of the same magnitude. The budgeting phase ends with the transmission of the president's DHS budget and FYHSP to OMB and then to Congress.

In early rounds of the process, DHS has not met the deadlines for submission of the FYHSP; the FYHSP has reached OMB as late as June, four months after delivery of the budget itself, after the congressional budget hearings, and well into the appropriators' markup period.

Execution

Execution of programs under budget authority granted during the current and previous years continues throughout the year, and thus overlaps the other three phases of the PPBE. Execution reviews include the PART performance reviews and the CFO's examination of obligations and expenditures. Execution also includes the CFO's administrative control of funds through apportionment to the components.

Strengthening DHS's PPBE

DHS's early leaders made a good start in setting up the organizations and processes that encourage a long-term outlook and a deliberate approach to resource allocation. Weaknesses remain in the planning and programming phases, however, and PA&E lacks the analytic capacity to develop and evaluate independent alternatives that could help the secretary make decisions.

The Front End of the PPBE Is Weak

The best time for leaders to press top priorities through any diverse institution is in the planning phase. If planning documents are vague, if they fail to articulate key priorities, or if big choices about which programs to emphasize or discard are left to subordinates, it will be difficult later to instill coherence or develop important linkages between strategy and budgets. Unfortunately, the front end of DHS's process remains weak.

Within the risk-based framework articulated by the national strategy, the threat and vulnerability assessment should be a crucial planning element. In recent years, the department has devoted considerable effort to risk analyses aimed at aligning the distribution of grants to state and local governments with the risks posed by terrorist attacks.[12] Those grants make up less than 10 percent of the department's budget, however.

It is not clear whether the department is putting as much effort into assessing threats, vulnerabilities, and risks in the non-grant areas. Moreover, the department does not appear to have the tools it would need to integrate such assessments across components in a way that would help leaders to manage risks by shifting resources from one activity to another.

For example, it is conceivable that a dollar invested to inspect shipping containers for nuclear materials would reduce risk to people, infrastructure, and the economy to a greater degree than a dollar put into airline passenger screening by TSA. Yet the threat and vulnerability assessments that would be needed to manage cross-component risk in this fashion appear to be lacking.[13] Such understanding is fundamental to aligning dollars to priorities.[14]

Another problem with processes until now has been that DHS, and the homeland security community more generally, lacked any formal periodic review of the long-term linkages among strategy, programs, and budgets. To rectify this problem, the 9/11 Commission Act of 2007 calls for a Quadrennial Homeland Security Review (QHSR) that will draw genuine long-term links from strategy to resources.[15]

As currently mandated, the QHSR is to be conducted by the secretary of homeland security in consultation with the heads of all the other federal

departments and agencies with significant roles in homeland security. Required in 2009 and every four years thereafter, the QHSR is to identify a national homeland security strategy as well as a budget plan that will be needed to execute it. The strategy itself is to include a prioritized list of the nation's critical homeland security missions. In addition, the review is meant to "describe the interagency cooperation, preparedness of federal response assets, infrastructure, budget plan, and other elements of the homeland security programs and policies of the nation associated with the national homeland security strategy, required to execute successfully the full range of missions" called for in the strategy.

If implemented as stipulated in the law, the QHSR should encourage leaders to cut through long lists of vague priorities in favor of articulating their three or four genuine priorities in order of importance. It should encourage players at all levels to deal early with the costs and consequences of various options for delivering security.

Unfortunately, history shows that such reviews may not yield the desired results. Since 1996, Congress has required the secretary of defense to conduct a Quadrennial Defense Review (QDR) at the beginning of each presidential term. That review is meant to spell out the full chain from strategies to budgets for a period of two decades. The law specifically mandates that the defense secretary's report address the resources that will be required to carry out the strategy and programs envisioned, but the Bush administration's QDRs have not done that.[16] For the QHSR to make a difference, leaders and players at all levels will need to implement every aspect of the mandate.

The new law puts responsibility for the QHSR in the hands of the secretary of homeland security. There is some question whether DHS is the appropriate organization to conduct the review, however, as the secretary may lack both the clout and the government-wide perspective to establish priorities and develop the resource plan for the federal government's entire homeland security effort when only half of that effort falls within the department. One thing is certain: To make the review work as promised, DHS will require a new cadre of analysts with the training and outlook to assess priorities, programs, costs, and tradeoffs not just within the department, but across the federal government.

A better choice would be to place responsibility for the QHSR within the Executive Office of the President. Even there, however, no existing staff is properly structured or equipped for the job. The work is crucial, and whether it is ultimately done at the White House or DHS level, additional, highly capable staff will be needed.

The active involvement of the secretary and deputy secretary of homeland security during the front end is crucial to a useful PPBE. Yet those top leaders do not appear to be engaged effectively during the planning phase. Nor do they engage their undersecretaries and other senior advisers together with component leaders to build consensus for their priorities and initiatives at the front end of the process. The PPBE management directive calls for a Joint Requirements Council to oversee the generation of mission requirements and review cross-functional and cross-component needs, but that council appears not to function as envisioned. In early rounds of the process, no department-wide board was brought together at the front end of the process.

PA&E and the Programming Phase Should Be Strengthened

In early iterations of the process, the Integrated Planning Guidance, or IPG, went to the components unsigned. The IPG is the formal vehicle for pressing leaders' priorities and preferences into the process. Without the review and signature of the secretary or deputy secretary, component leaders can legitimately question the authority of the IPG. A signed IPG, delivered on time to the components, is essential to an effective PPBE.

During the programming phase, strategies should be translated at the department level into program and budget reality. That is not happening. With a few exceptions (such as the current border security initiative), budgets are allocated to the components based on the shares they received in previous years. The components are instructed to align their programs to national and departmental strategy, but are generally left to allocate funds as they see fit within the shares allotted to them through the fiscal guidance. The components are largely left to set their own agendas. To translate national strategy effectively into budget reality, the department's leaders need to make informed choices about how resources will be allocated across components and programs.

Making informed choices requires a sound understanding of the long-term costs and consequences of key tradeoffs. The secretary and deputy secretary should have information available about the costs, benefits, and risks of big policy and investment choices. They should also have information about major redundancies across the department. For example, today CBP, ICE, and the Coast Guard all continue to run their own independent air forces with hundreds of pilots and aircraft. Moving to a single DHS air force might save substantial sums of money—money that could be diverted to crucial priorities. Without clear information about the potential multi-year savings and consequences, however, institutional inertia takes over, and the redundancies persist.

In DoD, the Office of Systems Analysis (later named PA&E) was established to provide the secretary of defense with information about such tradeoffs. DHS's PA&E ostensibly has that mandate, but generally does not conduct such cost-effectiveness studies. In fact, DHS PA&E has a relatively junior workforce with few experienced analysts equipped to examine fundamental tradeoffs across missions and components. Another problem is that PA&E's analysts today must devote substantial effort to performance assessments and the PART processes. To develop the information top leaders need to make the explicit choices during the programming phase, PA&E needs a cadre of experienced analysts who devote the bulk of their time to identifying tradeoffs and assessing their costs, benefits, and risks.

Constant-shares budgets are symptomatic of a deeper problem within DHS, namely the continued balkanization of the department's main operating components. Department-wide discussions of cross-cutting issues and resource allocation could improve appreciation across the department of mutual and individual challenges, strengths, and contributions. The program review offers a chance for department leaders to engage the components in a unified discussion of choices. Instead, the secretary meets individually with component leaders to discuss the RADs. A single meeting chaired by the secretary or deputy secretary could help build consensus for needed changes.

Strengthening resource allocation within DHS could improve the linkages between strategy and budgets and help to orchestrate the activities of the department's diverse components. With half of all federal homeland security funds in other departments and agencies, however, key elements of the overall effort must be orchestrated at the White House level, as discussed in the next section.

Resource Allocation in the White House

In 2007, more than half of reported federal funding for homeland security went not to DHS, but to other departments and agencies (see Table 2 on page 13). At least six federal departments outside DHS each spend more than one-half billion dollars annually on homeland security.

Every agency with a role in homeland security has its own internal processes for allocating resources. Unfortunately, with the exception of DoD, resource allocation in those departments and agencies rests on processes that are even weaker than those in DHS. The other departments and agencies generally lack the capacity to develop five-year programs and budgets that recognize the future consequences of current decisions. They lack mechanisms to align programs and budgets with national or agency strategic goals and multiple-year plans. Their accounting structures give little insight into the missions to which money is put.

With so many executive branch players involved, it is incumbent upon the White House to orchestrate federal homeland security efforts to reflect national strategic goals and to achieve coherence among the programs and activities of multiple agencies. Yet the White House itself is poorly organized for the job, is short on people with the outlook and analytic skills to do it, and lacks the fundamental processes and tools it needs. This section examines how the White House participates in resource allocation for homeland security.

Organizations, People, Processes, and Tools in the Executive Office of the President

The 2002 *National Strategy for Homeland Security* promised that the White House would "carefully weigh the benefit of each homeland security endeavor and only allocate resources where the benefit of reducing risk is worth the additional cost." "Activities that most require additional resources" would be given top priority, and additional funding would be distributed in such a way "that the value added is approximately equal in each sector." Resources would be "shifted to their most productive use."[17]

The language of the document gives the impression of a top-down resource allocation process, in which the White House makes decisions based upon strategic priorities about the broad allocation of funds to homeland security. In fact, there is no such process. The White House gets involved in a few high-interest areas, such as countering bioterrorism and the border security initiative, but generally has not shifted money from one area to another.

Instead, White House guidance to the agencies suggests that homeland security spending can grow by a given percentage, and it is generally left to the agencies to determine how to distribute the money among their various homeland security programs. Most of the agencies involved continue to see the current year's budget as a "baseline" that will not be changed and, during budget deliberations, to pay serious attention only to the distribution of the fractional increment above that baseline.

To some extent, the lack of top-down leadership reflects a White House choice to let the agencies decide for themselves how to allocate resources to accomplish their missions. Other factors are also at work, however. This section looks at the organizations and people involved in strategic planning and resource allocation at the White House level, and the processes and tools they use.

Organizations and People

Within the Executive Office of the President, three institutions hold substantial responsibility for advising the President on homeland security. The Homeland Security Council (HSC), established in October 2001, advises the president on strategic and policy matters related to homeland security.[18] The National Security Council (NSC), established through the National Security Act of 1947, advises the president on national security matters that often intersect with homeland security. The Office of Management and Budget is concerned with oversight and administration of the entire federal budget, including funds for homeland security. In addition (at least during the Bush administration), the Office of the Vice President takes an active role in some areas, including the shaping of national policies and programs to respond to biological threats.

HSC and NSC

Both the HSC and the NSC are chaired by the president, and their memberships overlap but are not congruent (see Table 9). In theory, the HSC advises the president on domestic security matters while the NSC is concerned with international ones. In reality, the two sets of issues are often deeply intertwined, and crucial national security missions such as countering the threat of nuclear or biological terrorism require an integrated international and domestic approach.

The day-to-day work of both the HSC and the NSC is conducted by staffs of policy experts, most of them political appointees. The HSC staff is headed by the assistant to the president for homeland security and counterterrorism. The NSC staff is headed by the assistant to the president for national security affairs (usually referred to as the national security adviser). In contrast to the NSC staff of some 225 (with more than 100 policy positions), the HSC staff numbers only 35, with fewer than 20 policy positions.[19]

The NSC staff prepares the administration's top-level security strategy document: the *National Security Strategy of the United States of America*. The Office of Homeland Security (disestablished as DHS was created) prepared the first *National Strategy for Homeland Security* (July 2002); the HSC prepared the second one, published in October 2007. During the Bush administration, the HSC and NSC (in some cases in concert) prepared a plethora of other White House security strategy documents. These include:

- *The National Security for Combating Terrorism* (February 2003 and September 2006)
- *The National Strategy to Secure Cyberspace* (February 2003)
- *The National Strategy for the Physical Protection of Critical Infrastructures and Key Assets* (February 2003)
- *The National Strategy for Maritime Security* (September 2005)
- *The National Strategy for Pandemic Influenza* (November 2005)
- *The National Strategy for Aviation Security* (March 26, 2007)

Senior members of the HSC and NSC staffs head up policy coordinating committees (PCCs) that draw together representatives from the relevant departments to coordinate policies and prepare for meetings of the principals with the president. In recent years, the HSC has pulled together PCCs on biodefense, border and transportation security, critical infrastructure protection, domestic nuclear detection, and other issues that cut across departments and agencies.[20] In some instances, the HSC and NSC staffs co-chair PCCs. For example, HSC and NSC staffs co-chair PCCs on information sharing and maritime security.[21]

The work of the PCCs sometimes results in presidential decision documents. President George W. Bush has signed some 50 National Security Presidential Directives (NSPDs) and 20 Homeland Security Presidential Directives (HSPDs) (see Table 10 on page 26). Some of these overlap. The PCCs' coordination activities may also result in executive orders. The president has signed about a dozen executive orders on homeland security since 2001.[22]

The NSC and HSC staffs both concentrate on policy matters. These staffs typically do not examine the costs of policy changes, however. Moreover, to a great extent, the NSC and HSC staffs are too busy with immediate issues to devote much time to the long-term strategic planning that would connect the dots between top-level strategy and actual programs. Thus within the White House, there is little in the

Table 9: Members and Attendees of NSC and HSC

	National Security Council	Homeland Security Council
President	Presides	Presides
Vice President	Regular attendee, presides when president is absent	Member, presides when president is absent
Assistant to the President for National Security Affairs	Regular attendee; determines agenda; records actions and decisions	Invited to attend any meeting
Assistant to the President for Homeland Security and Counterterrorism		Member; determines agenda; records actions and decisions
Secretary of State	Regular attendee	
Secretary of Homeland Security		Member
Secretary of the Treasury	Regular attendee	Member
Secretary of Defense	Regular attendee	Member
Director of National Intelligence	Attends as adviser to NSC	Member
Chairman, Joint Chiefs of Staff	Attends as adviser to NSC	Invited to attend any meeting
President's Chief of Staff	Invited to attend any meeting	Invited to attend any meeting
Chief of Staff to the Vice President		Invited to attend any meeting
Assistant to the President for Economic Policy	Invited to attend any meeting	
Counsel to the President	Consulted regarding agenda, attends when appropriate	Invited to attend any meeting
Attorney General	Invited to attend meetings pertaining to AG responsibilities	Member
Secretary of Health and Human Services		Member
Secretary of Transportation		Member
Director, FBI		Member
Director, OMB	Invited to attend meetings pertaining to OMB responsibilities	Invited to attend any meeting

Source: *NSPD 1, "Organization of the National Security Council System" (Washington, DC: The White House, February 13, 2001); HSPD 1, "Organization and Operation of the Homeland Security Council" (Washington, DC: The White House, October 29, 2001); Executive Order 13228, "Establishing the Office of the Homeland Security and the Homeland Security Council" (Washington, DC: The White House, October 8, 2001); and "Homeland Security Council," description at www.whitehouse.gov/hsc.*

way of top-down long-term planning or resource allocation for homeland security.

OMB

With a staff of about 500 career civil servants (about half of whom serve in support roles), OMB is charged with managing the federal budget process, developing projections of the federal deficit, examining competing funding demands among agencies, and advising the president on funding priorities. OMB's budget examiners also assess the effectiveness of executive branch programs and policies. In recent years, they develop scores for agency programs using the Program Assessment Rating Tool. Much of OMB's work is dictated by the exigencies of the budget calendar, and the organization has little time for long-term resource planning.

A budget examiner typically enters OMB with a master's degree in public administration or in a field related to the area in which he or she will work. The office provides new examiners with rigorous training

Table 10: Homeland Security Presidential Directives

Number	Title	Date
HSPD-1	Organization & Operation of the Homeland Security Council	Oct. 29, 2001
HSPD-2	Combating Terrorism through Immigration Policies	Oct. 29, 2001
HSPD-3	Homeland Security Advisory System	Mar. 11, 2002
HSPD-4 NSPD-17	National Strategy to Combat Weapons of Mass Destruction	Dec. 11, 2002
HSPD-5	Management of Domestic Incidents	Feb. 28, 2003
HSPD-6	Integration & Use of Screening Information	Sep. 16, 2003
HSPD-7	Critical Infrastructure Identification, Prioritization, & Protection	Dec. 17, 2003
HSPD-8	National Preparedness	Dec. 17, 2003
HSPD-9	Defense of United States Agriculture & Food	Jan. 30, 2004
HSPD-10	BioDefense for the 21st Century	Apr. 28, 2004
HSPD-11	Comprehensive Terrorist-Related Screening Procedures	Aug. 27, 2004
HSPD-12	Policy for a Common Identification Standard for Federal Employees and Contractors	Aug. 27, 2004
HSPD-13 NSPD-41	Maritime Security Policy	Dec. 21, 2004
HSPD-14 NSPD-43	Domestic Nuclear Detection	Apr. 15, 2005
HSPD-15	Not publicly available	
HSPD-16	Not publicly available	
HSPD-17	Not publicly available	
HSPD-18	Medical Countermeasures Against Weapons of Mass Destruction	Jan. 31, 2007
HSPD-19	Combating Terrorist Use of Explosives in the United States	Feb. 12, 2007
HSPD-20 NSPD-51	National Continuity Policy	Apr. 4, 2007

Source: *Author's table, based on information at the website of the Federation of American Scientists, http://www.fas.org/irp/offdocs/nspd/index.html, as of August 28, 2007.*

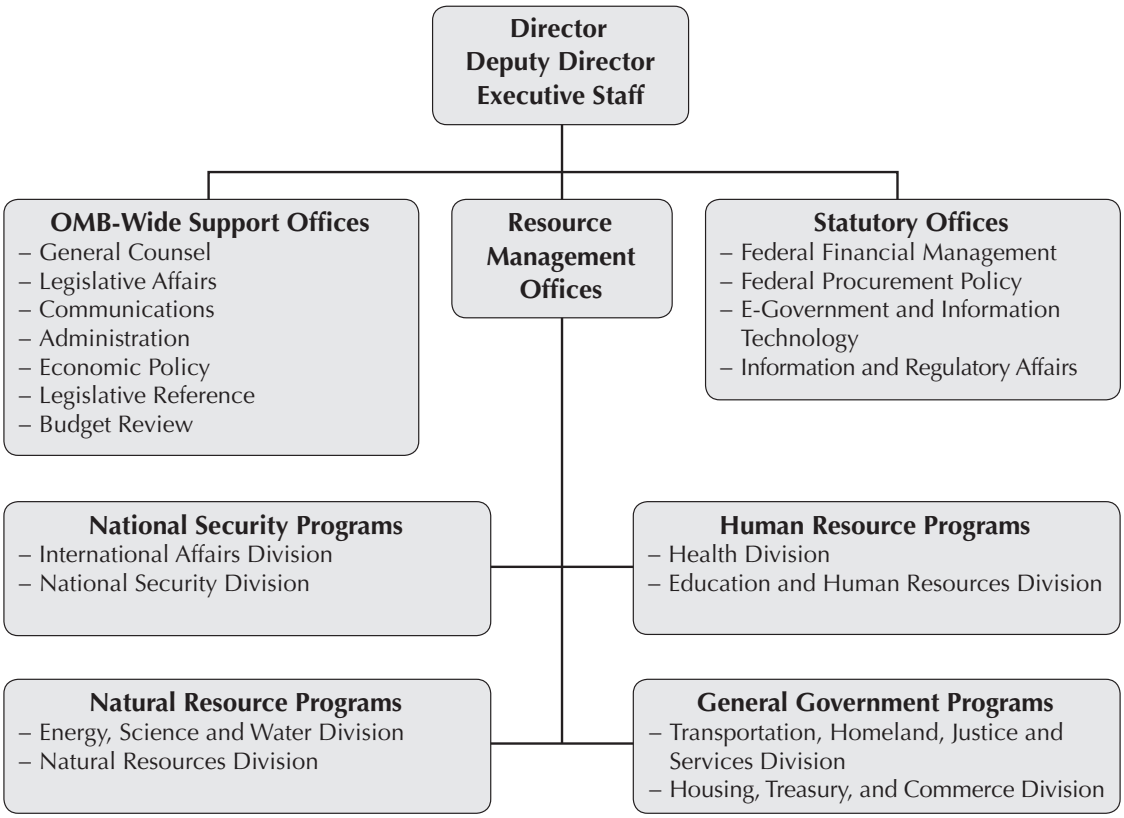
about its processes and procedures, but not on how to align strategies with budgets or on how to think about cross-agency issues.

OMB's budget examiners are organized into four resource management offices (RMOs), which are generally aligned to the organization of the executive branch (see Figure 2). The RMOs are divided into divisions, which in turn are organized into branches.

Outside of the RMO structure, analysts in the Budget Review office aggregate the data provided by the RMOs into the overall federal budget. They also monitor congressional action on appropriations to keep track of budgets as enacted, and do the detailed work of developing historical tables of the budget that OMB produces with the budget each year.

The Bush administration reorganized OMB in recent years to consolidate oversight of the newly created DHS into a single homeland security branch within the Transportation, Homeland, Justice & Services Division of the General Government Programs RMO. Responsibility for the many homeland security activities outside DHS generally falls within other branches, however. For example, public health activities of homeland security generally fall within the public health branch of the Human Resource Programs RMO, while the $17 billion in reported homeland security activities within DoD are overseen

Figure 2: Organization of OMB



Source: *Author's diagram based on organization chart at OMB website as of August 23, 2007, http://www.whitehouse.gov/omb/omb_org_chart.pdf.*

by the national security division of the National Security Programs RMO. As a result, numerous branches from all across OMB share oversight of crucial crosscutting national security missions.

Processes and Tools

Shifting resources as suggested in the July 2002 version of the *National Strategy for Homeland Security* would require an understanding of the costs of current policies and alternatives to them. Unfortunately, the tracking of federal funds devoted to homeland security is imprecise and not as formalized as it needs to be.

One way OMB tracks and reports federal budgets is in broad groupings called budget functions. For example, most of the activities of DoD, the nuclear weapons activities of the Department of Energy, and defense activities in other departments are grouped into the budget function numbered 050 and identified as "National Defense." Most foreign affairs activities, including the conduct of diplomacy in the Department of State and foreign assistance programs in the U.S. Agency for International Development, are grouped into budget function 150, "International Affairs."

There is no federal budget function for homeland security. Rather, spending for homeland security is splintered across 17 budget functions (see Table 11 on page 28).

Until the late 1990s, the executive branch did not track or report on funds allocated to homeland security. OMB now does prepare an annual report. Unfortunately, however, that report represents not a top-down plan or even a unified record, but rather an annual snapshot of each agency's estimate of its homeland security effort. Piecing the annual reports together to develop a consistent historical track of the nation's homeland security effort over time is no easy job.

Table 11: Homeland Security Funding by Budget Function

Budget Function	FY 2008 Budget Authority (Billions of Dollars)
National Defense	20.9
International Affairs	1.3
General Science, Space, & Technology	0.6
Energy	0.1
Natural Resources & the Environment	0.3
Agriculture	0.5
Commerce & Housing Credit	0.2
Transportation	9.5
Community & Regional Development	2.3
Education, Training, Employment & Social Services	0.2
Health	4.4
Medicare	0[a]
Income Security	0[a]
Social Security	0.2
Veterans Benefits & Services	0.3
Administration of Justice	18.4
General Government	0.8
Total	**60.0**

Note: *[a] Less than $0.1 billion.*

Source: *Author's display, based on Budget of the United States for FY 2008,* Analytical Perspectives, *p. 35.*

Beginning in 1999, Congress required the White House to report annually on total federal spending for combating terrorism and homeland security. For several years, OMB prepared stand-alone reports on such spending. More recently, in the absence of a homeland security budget function, OMB's RMOs work together to develop an annual report on total federal activities and budgets for homeland security. That report is published within a chapter on "Crosscutting Programs" of the *Analytical Perspectives* volume of the federal budget.[23] Each year, the chapter includes tables that identify homeland security funding by agency and critical mission category for a period of three years: the year of the budget request and the two prior years (the box "Six Critical Mission Areas for Homeland Security" on page 12 lists the six homeland security critical mission categories).

To prepare those reports, OMB sets out definitions that detail what sorts of activities should be identified as homeland security, and within homeland security, which of the six mission categories the activities support. Based on those definitions, each agency involved in homeland security reports the homeland security portion of its budget request each year.

It can be a challenge to decide which activities represent homeland security. In some instances, the decisions are clear-cut. For example, all of TSA's activities are deemed to belong entirely in homeland security. In contrast, many federal activities serve multiple purposes. For example, the purchase of a new Coast Guard cutter serves both homeland security and non-homeland security purposes. Similarly, improving the capacity of hospitals to deal with the aftermath of a terrorist attack—a homeland security activity—should strengthen the nation's public health system. In the case of multiple-purpose activities, the agencies generally assign a fraction of program spending to the homeland security side of the ledger and the remainder to non-homeland security.

The definitions of what to treat as homeland security have also varied over time. The most significant change occurred in the budget for FY 2007, when DoD added nearly $8 billion worth of activities previously identified as non-homeland security to the homeland security side of the ledger. In the same budget, the Coast Guard shifted nearly $1 billion of effort from homeland security to non-homeland security. At the time, DoD and the Coast Guard reestimated their homeland security spending for FY 2005 and FY 2006, but revised estimates for earlier years do not appear to be available. The imprecise treatment of split program elements and abrupt shifts of activities from one side of the ledger to the other make the OMB reports a less useful and reliable tool than they should be for policy makers or analysts wishing to use them to track broad trends in spending.

Improving Homeland Security Resource Allocation in the White House

In an ideal world, the White House would allocate resources to homeland security much as the first *National Strategy for Homeland Security* promised in 2002, carefully weighing the benefit of each homeland security endeavor and allocating resources accordingly. Strategies would identify the nation's most pressing homeland security problems, and resources would be realigned to their most productive use.[24]

Such has not been the case. This section discusses problems related to Executive Office of the President (EOP) organizations, processes, and tools that hinder the alignment of federal spending with homeland security priorities, and recommends a package of reforms aimed at improving the situation.

Strategy documents are too numerous and confusing.

If a strategy document is to be useful in getting the relevant departments and agencies to sing together from the same sheet of music, it must convey the central priorities of the administration. The Bush administration published its first *National Strategy for Homeland Security* within 10 months of the terrorist attacks of 2001, a laudable accomplishment. Thereafter, however, it was five years before the strategy document was updated. During that period, the administration revamped its national security strategy, prosecuted the war in Iraq, collected vast amounts of intelligence, established DHS, created the military's Northern Command, added the position of director of national intelligence, and published a plethora of other strategy documents related to homeland security. Five years between overarching homeland security strategies was too long.

The many strategy documents covering various aspects of homeland security or counterterrorism are meant to flow from the two overarching strategies, the *National Security Strategy* and the *National Strategy for Homeland Security*. The 20 HSPDs and numerous executive orders in turn are meant to flow from the strategies.

With so many strategy documents and HSPDs addressing various aspects of homeland security, however, it is often difficult to discern the administration's genuine priorities. Most of the documents are written by committee, and participants from the various agencies do what they can to push their own priorities into them. Thus the strategies become a hunting license for agencies wishing to press their own agendas, rather than an articulation of top national priorities.

The 2007 legislation that mandates a Quadrennial Homeland Security Review requires the secretary of homeland security to "delineate and update, as appropriate, the national homeland security strategy, consistent with appropriate national and department strategies, strategic plans, and Homeland Security Presidential Directives, including the National Strategy for Homeland Security, the National Response Plan, and the Department Security Strategic Plan."[25] The law appears to distinguish between the national homeland security strategy that will be incorporated into the quadrennial review and the National Strategy for Homeland Security that the White House is meant to produce. Developing the former to be consistent with the latter only makes sense if the White House updates its top-level strategy on a regular basis.

The newly mandated QHSR opens the door for DHS to establish government-wide priorities, conduct long-term planning, and assess the resources needed government-wide, in consultation with the heads of the other departments and agencies involved in homeland security. It is not clear that the secretary will enjoy either the clout or the government-wide perspective that will be needed to achieve coherence across all federal homeland security activities, however. Responsibility for cross-agency strategy, long-term planning, and resource allocation would seem to belong with the White House, not with a single department that controls only half of all federal spending in the area.

The EOP is not configured or staffed to meet 21st century challenges.

Within the White House, HSC and OMB would be the obvious organizations to conduct government-wide long-term planning and resource allocation. With only 35 staff members, however, the HSC is currently too small and too weak to establish priorities, conduct long-term strategic planning, and bring coherence across the numerous federal activities that make up homeland security.

Moreover, continuing to draw a line between national security and homeland security by retaining two separate councils risks ignoring important synergies and gaps between the nation's defensive measures and preventive or offensive ones.

For example, policy experts across the political spectrum hold that nuclear or biological weapons in the hands of terrorists pose the gravest threat to the nation. Countering nuclear or biological terrorism requires both domestic and international activities that cut across the HSC-NSC divide. U.S. programs to secure Russian nuclear materials fall under the NSC, but DHS's nuclear detection efforts fall under the HSC. Neither is in a position to advise the president on whether the nation should spend the next dollar to secure Russia's nuclear materials or to detect weapons at ports of entry.

Unfortunately, today's NSC staff itself is often too mired in immediate issues or in planning for the next principals' meeting to find the time to conduct the sort of long-term planning, risk assessment, gap analyses, and tradeoff studies that are needed to make real the promise of the 2002 *National Strategy for Homeland Security*.

The current seam between homeland security and other national security functions that is evident in the HSC-NSC divide is reflected in OMB as well. OMB also lacks the people with the outlook and skills needed to oversee and assess the nation's crosscutting homeland security efforts or to participate effectively in the needed long-term planning and allocation of resources across the federal homeland security spectrum. OMB's budget examiners are already stretched with examining budgets and performance reports within individual agencies.

Moreover, OMB's organizational structure encourages the examiners to look not at the overall picture of homeland security or national security, but agency by agency. As a result, many examiners lack the outlook or skills needed to conduct risk assessments, identify gaps, and conduct tradeoff studies across agencies. Yet such viewpoints and skills will be needed if the White House is to be effective in aligning resources with national priorities.

The absence of a homeland security budget function impedes sound resource allocation. The absence of a federal budget function for homeland security impedes sound resource allocation in the executive branch and Congress. In the executive branch, budget functions offer an important way to track spending systematically. In Congress, they form the basis of the congressional priority-setting within the Concurrent Budget Resolution, which begins the legislative body's annual resource allocation process. (See the box "Budget Allocation Processes in Congress" on page 33 for more on the budget resolution.)

After the executive branch sends its annual budget request to Congress in February, the Budget Committees of the House and Senate draft the Concurrent Budget Resolution. Budget Committee attention to the budget functions can be valuable, because those committees enjoy a broad, government-wide perspective. Such a perspective can be particularly valuable in homeland security, which cuts across so many government departments and agencies. Moreover, the Budget Resolution is an important vehicle for matching federal spending to revenues and aligning the federal budget with broad national priorities. This alignment is done in the first instance at the level of the budget function.

The executive branch holds a solemn responsibility to align resources with top priorities and unify the efforts of the departments and agencies involved in homeland security. Congress also plays an active role in resource allocation for homeland security, and its structures, processes, and tools are also in need of change, as the next section discusses.

Resource Allocation in Congress

The Congress, through its budgetary and oversight functions, also holds important responsibility for resource allocation for homeland security. Yet Congress lacks a unified approach to homeland security and is still poorly organized to get the job done. The absence of a budget function for homeland security, the hodgepodge of appropriation accounts for DHS, and an inadequately resourced Congressional Budget Office also stand in the way of effective resource allocation and financial control.

With the Homeland Security Act of 2002, Congress played a crucial role in the reorganization of the executive branch to address homeland security. In addition, Congress mandated the establishment of the 9/11 Commission and supported many of its recommendations, including the creation of the new post of director of national intelligence. In July 2007, lawmakers acted to implement many of the remainder of the Commission's recommendations for the executive branch.[26] Yet Congress has so far failed to adopt the 9/11 Commission's recommendation for putting its own house in order:

> Congress should create a single, principal point of oversight and review for homeland security…. Congress [has] the obligation to choose one in the House and one in the Senate.[27]

Congress did reorganize its committees and subcommittees in recent years, but congressional jurisdictions for homeland security remain splintered across committees, particularly among the Senate's authorizing committees. One result is a dearth of authorizing legislation for DHS. In addition, congressional oversight is uneven, with attention and hearings from multiple committees and subcommittees in some areas and very little interest in other areas. Perhaps most troubling, the overlapping jurisdictions and legacy equities mean that the back door is always open for individual agencies as well as DHS's operating components to circumvent leaders' efforts to align their activities with strategic goals or improve coherence among the many programs and activities that make up homeland security.

This section examines how Congress has approached the job of oversight and resource allocation for homeland security. It finds organizational problems and a lack of tools and analytic capacity that stand in the way of sound resource allocation, and offers recommendations for improvement.

The Situation Today

Congressional Committees and Subcommittees
In recent years, Congress reorganized to some extent to consolidate jurisdiction over homeland security. The most far-reaching reorganizations were in the Appropriations Committees of both chambers, where responsibility for DHS spending bills is now consolidated into homeland security subcommittees.

On the authorizing side, the House created a new Homeland Security Committee. The Senate renamed its Governmental Affairs Committee as the Homeland Security and Governmental Affairs Committee (HSGAC) and gave it jurisdiction over some parts of DHS. Both of those committees still share oversight of homeland security with numerous other committees, however.

The House Committee on Homeland Security has purview over government-wide homeland security policy, whether or not such policy rests with DHS.

Within DHS, its jurisdiction extends to functions that are clearly homeland-security related, but not to the 36 percent of DHS spending that falls outside of the homeland security area. Under rules adopted by the 109th Congress in 2005, the committee's jurisdiction includes the following:[28]

- Overall homeland security policy
- Organization and administration of DHS
- Functions of DHS relating to:
  - Border and port security (except immigration policy and non-border enforcement)
  - Customs (except customs revenue)
  - Integration, analysis, and dissemination of homeland security information
  - Domestic preparedness for and collective response to terrorism
  - Research and development
  - Transportation security

Thus, for example, oversight of FEMA's activities aimed at preparing for and responding to natural disasters falls not under the new committee, but with the Transportation and Infrastructure Committee. Oversight over CIS and the Secret Service remains with the Judiciary Committee. Policy related to customs revenue in CBP remains with the Ways and Means Committee (see Table 12 for an illustration of some of the House and Senate committees of jurisdiction for DHS's seven main operating components).

In the Senate, the purview of the Homeland Security and Governmental Affairs Committee is even narrower than that of the new House committee. HSGAC's oversight is aimed not at overall homeland security policy, but at a few functions of DHS that are clearly homeland security. In particular, the Senate HSGAC's jurisdiction leaves out the Coast Guard, TSA, the Federal Law Enforcement Training Center, the Secret Service, and CIS. HSGAC's jurisdiction also excludes the immigration and customs enforcement functions of CBP and ICE and the revenue functions of CBP.[29]

Both the authorizing committees and the Appropriations Committees play important roles in resource allocation. Congress's authorizing committees generally involve themselves in policy matters, while the Appropriations Committees draft the appropriations bills that finance federal activities. Nevertheless, authorizers often deal with spending; appropriators frequently issue policy guidance.

For example, the Senate Committee on Health, Education, Labor, and Pensions has been extremely active in setting policy for biodefense, and its policy choices have big consequences for resources. Since 2001, Congress has passed four major authorizing acts for biological defense, each with major spending implications.

More generally, Congress has passed several significant authorizing acts for homeland security, including the Homeland Security Act of 2002 and the recent 9/11 Commission Act.[30] The annual authorization acts that could set the stage for resource allocation

Table 12: Some Committees of Jurisdiction for DHS Main Operating Components

	House	Senate
Coast Guard	Homeland Security; Judiciary; Transportation & Infrastructure	Commerce, Science & Transportation
Immigration & Customs Enforcement	Judiciary; Ways & Means	Judiciary; Finance
Customs & Border Protection	Homeland Security; Judiciary; Ways & Means	Finance; Judiciary
Citizenship & Immigration Services	Judiciary	Judiciary
FEMA	Homeland Security; Transportation & Infrastructure	Homeland Security & Governmental Affairs
Transportation Security Administration	Homeland Security	Commerce, Science & Transportation
Secret Service	Judiciary	Judiciary

have been absent, however. Authorization bills put forward for FY 2005, 2006, and 2007 were referred to committees and died there.

Congressional Support Agencies

Members of Congress rely heavily for information and analysis on three nonpartisan support agencies: the Congressional Budget Office (CBO), the Congressional Research Service (CRS) of the Library of Congress, and the Government Accountability Office (GAO). CBO develops economic and budgetary projections, provides independent estimates of the costs of policy changes under consideration, and prepares reports that include descriptions of alternatives to current policies and detail their costs and potential consequences. CRS prepares reports on a wide variety of topics of interest to members. As the government's auditor, GAO prepares assessments of programs across government and makes recommendations for improvements.

Congressional Tools

As discussed in previous sections, the structure of budget functions and appropriations titles and accounts are crucial tools for Congress in its resource allocation and oversight roles. The Budget Committees in the two chambers begin the legislative resource allocation process by drafting the Concurrent Budget Resolution (see "Budget Allocation Processes in Congress"). The Budget Resolution constitutes lawmakers' main chance to align the coming year's budgets with broad national priorities. The Budget Resolution sets limits on the total budget for the coming five years and divides that total among the 21 budget functions. The umbrella of a budget function ensures the involvement of the Budget Committees, with their broad overview of fiscal realities and national needs. Yet as previously discussed, there is no budget function for homeland security. Instead, homeland security spending is spread across numerous budget functions.

Budget Allocation Processes in Congress

After the White House submits the President's Budget to Congress in February each year, the Congress formulates its own budget plan. The Congressional Budget and Impoundment Control Act of 1974 (as amended in later years) establishes the processes by which the legislative body decides on and enforces the revenue levels, total budgets, and budget allocations planned for the next year. The Concurrent Budget Resolution, scheduled for completion each year by April 15 (but rarely completed by that date), outlines the plan.

During March, the Budget Committees of the House and Senate each prepare draft versions of the Budget Resolution, which are then amended through floor action in each chamber. In the Senate, where filibusters can prevent voting on other items, Budget Resolutions enjoy expedited procedures that limit the time allowed for debate. Differences between the two chambers are ironed out in conference, and the two chambers vote on the final resolution. The Budget Resolution provides guidance to the Congress itself. It is not a law and therefore not signed by the president.

The text of the Budget Resolution includes recommended figures covering at least five years for total federal revenues and spending, Social Security revenues and spending, and spending to be allowed under each of the 21 budget functions. It also includes a discussion of budget enforcement mechanisms, statements of budget policy, and reconciliation instructions that direct the authorizing committees to draft changes to existing laws to accomplish budget goals.

A joint explanatory statement that accompanies the conference report on the resolution provides budget allocations to the committees of jurisdiction, including the House and Senate Appropriations Committees and authorizing committees with jurisdiction over spending. These are the 302(a) allocations, named for the section of the Congressional Budget and Impoundment Control Act of 1974 that requires them. The 302(a) allocations to the two Appropriations Committees serve as spending limits for total appropriations. The Appropriations Committees in turn develop sub-allocations, called 302(b) allocations, which divide funds up to the 302(a) limits among their subcommittees. Both chambers enforce the 302(a) and 302(b) limits through procedural devices, including "points of order" that can prevent consideration of legislation unless overturned by a super-majority vote.

Appropriation accounts are crucial tools of legislative oversight. They provide insight into where federal dollars are flowing and where they have gone over time. In addition, laws surrounding the appropriation accounts help Congress to ensure that money goes to the activities for which it was intended. The structure of today's appropriation accounts for DHS varies greatly by component, often hiding any relationship between programs and budgets. The accounts are not the tools that they should be.

Improving Congressional Resource Allocation Structures, Processes, and Tools

The tangle of committee jurisdictions, insufficient engagement of the congressional support agencies, and the absence of a budget function for homeland security stand in the way of a unified approach to homeland security within the Congress.

Legacy jurisdictions impede unity of effort.
The complex web of jurisdiction for DHS and homeland security among congressional oversight committees causes at least three major problems for resource allocation. The first is that legacy jurisdictions make it difficult for the secretary of homeland security to exercise his responsibility to align resources to strategy. If component leaders think they are not getting their fair share, they can circumvent the process by going to one of their committees of jurisdiction. This is the most important issue.

The second problem is that intersecting jurisdictions within each chamber make it difficult to pass important authorizing legislation. This problem is complicated by the fact that the committees of jurisdiction for some aspects of homeland security differ between the House and the Senate. The failure to pass an annual authorization bill can in part be blamed on the lack of a central committee of oversight in each chamber. (In contrast, the Appropriations Committees, where jurisdiction for DHS is consolidated within a single subcommittee, have generally completed the annual homeland security appropriations bills on time.)

Even legislation that finally does pass requires enormous effort. The 9/11 Commission Act of 2007 went through 10 separate House committees and took until July 2007 to complete, even though lawmakers generally agreed to its broad outlines shortly after the 110th Congress convened in January 2007.[31]

A third problem is that DHS leaders report to many committees and subcommittees. This opens the door to policy disarray as the department receives conflicting guidance from multiple committees or their staffs. It also results in numerous requests for testimony and information. Between January and July of 2007, DHS provided some 195 witnesses to 141 hearings and presented more than 1,500 briefings.[32]

The 9/11 Commission recommended that each chamber choose a single point of oversight and review for homeland security.[33] Adopting this recommendation is crucial.

A key issue in establishing a single point of oversight in each chamber is whether the resulting homeland security committees should have oversight over homeland security as a function (only half of which resides in DHS) or over DHS as a department (which includes substantial non-homeland security activities). At a minimum, the committees should align with the department to shield against back-door resource moves by DHS's components through the committees with legacy equities. It also seems important to consolidate oversight of overall homeland security policy within those committees, as the House has already done in its Homeland Security Committee.

Even with a single point of oversight and review in each chamber, there will still be significant overlaps of jurisdiction among committees and subcommittees. For example, DoD has a substantial stake in developing medical countermeasures against biological threats, yet shifting oversight of that work into the homeland security committees is probably unlikely. Congress should conduct regular joint hearings of homeland security programs and activities that continue to cut across committee jurisdictions.

Support agencies could do more.
Since 2001, CBO, CRS, and GAO have provided important reports on a variety of topics related to homeland security, including past and current spending and projected costs, organization of the

executive branch and Congress, program performance and effectiveness, and interagency cooperation. To date, however, the three have done relatively little in the way of studies that assess the likely costs and benefits of broad alternatives to existing homeland security policies or programs.

Useful studies could include an examination of the roles and missions of the main operating components of DHS; a look at the possible tradeoffs between Department of State and Energy programs to secure nuclear materials in Russia and DHS programs to identify nuclear materials at U.S. ports of entry; and an assessment of the costs, benefits, and risks of various measures to ameliorate the potential consequences of a biological attack. Such studies could greatly improve members' understanding of the broad resource allocation choices the executive branch has made, either explicitly or implicitly through constant-shares budgeting. CBO in particular lacks the analysts it would need to examine broad tradeoffs routinely.

The lack of a budget function impedes a unified congressional approach.

In addition, as discussed in the previous section on the White House, the absence of a homeland security budget function means that the Budget Committees do not get involved in the annual allocation of total resources to homeland security through the Budget Resolution. Yet the budget resolution constitutes lawmakers' main chance to fill in the full fiscal picture of the federal government for the coming year. The resolution determines how well spending will match revenues and determines the alignment of spending to broad national priorities. With homeland security activities splintered across multiple budget functions, Congress misses out on an opportunity to mark its priorities in the budget.

The lack of a budget function for homeland security also inhibits Congress's ability to audit spending transparently and weakens the links between planned and executed budgets. With only half of total funding for homeland security captured in the homeland security appropriation, Congress must rely for information about overall spending for homeland security on OMB's crosscutting report. Yet that report provides no consistent historical audit of spending. Congress should work with the White House to create a single homeland security budget function.

As discussed in the section on DHS, the problems raised by the lack of a homeland security budget function are mirrored in the hodgepodge of appropriation accounts for DHS.

Recommendations for the New Administration and Congress

The terrorist attacks of 2001 and the events following Hurricane Katrina in 2005 revealed serious weaknesses in U.S. domestic preparedness. Since 2001, federal spending for homeland security has more than tripled in nominal terms. The executive branch created the Department of Homeland Security to pull together many facets of the federal effort to prevent terrorist acts, protect people and infrastructure, and mitigate the consequences if attacks take place. The Bush administration also made important changes to the Executive Office of the President, including the creation of the Homeland Security Council and a new homeland security branch in OMB. Congress has also made important changes.

Unfortunately, the nation is not getting two results that experts and policy makers hoped would flow from those changes: spending tied clearly to the nation's top priorities and unity of effort across the entire federal homeland security establishment. Part of the explanation lies in the organizations, processes, and tools that surround strategic planning and resource allocation within DHS, in the Executive Office of the President, and in Congress.

This section draws on the previous three to develop consolidated findings about the organizational structures, processes, and tools that surround planning and resource allocation in the executive branch and Congress. It offers recommendations for consideration by the 44th president and the 111th Congress.

Changes to Organizational Structures

Finding 1: The Executive Office of the President is not well structured or staffed to integrate the strategic planning and resource allocation that are needed to address long-term security challenges, especially when those challenges lie at the intersection of homeland security and national security.

Sound resource planning begins at the top. Unfortunately, there are major seams in the EOP between national security and homeland security. The NSC handles national security, while the HSC deals with homeland security. But crucial 21st century security challenges lie at the intersection of the international and the domestic. To ensure coherent policy planning and resource allocation across all aspects of security, the White House seam between national security and homeland security should be erased by abolishing the HSC and folding its functions into an expanded NSC.

The seam between the NSC and HSC is also evident in the organization of OMB. In OMB, responsibility for the overall federal homeland security effort is scattered across the RMOs, while the National Security RMO handles the international side of the security equation. Together, DHS and DoD account for more than three-quarters of total federal homeland security spending. Shifting the homeland security branch away from the General Government RMO and into the National Security RMO would put OMB's oversight of the lion's share of homeland security funds under a single OMB roof, thus facilitating resource allocation, consistency, and coherence.

Unfortunately, today's NSC staff itself is often too mired in immediate issues or in planning for the next principals' meeting to find the time to conduct the sort of long-term planning, risk assessment, gap analyses, and tradeoff studies that are needed to make real the promise of the 2002 *National Strategy for*

Homeland Security. The expanded NSC staff should include a new cell dedicated to that work.

To improve national-level long-term planning and resource allocation, OMB should also be expanded, both to beef up the branches with homeland security responsibilities, and to create dedicated teams of analysts who will work with the expanded NSC staff to conduct long-term planning, risk assessment, gap analyses, and tradeoff studies.

Recommendation 1: The next administration should reconfigure the Executive Office of the President to strengthen White House oversight of homeland security and diminish the current seams between homeland security and national security. Specifically, the 44th president should:

- Abolish the Homeland Security Council and fold its functions into an expanded National Security Council.
- Move OMB's homeland security branch into the National Security Resource Management Office.
- Create dedicated cells within the NSC staff and OMB to conduct long-term planning, risk assessment, gap analyses, and tradeoff studies, and identify key long-term federal priorities, constrained by realistic future budgets.

Finding 2: The Department of Homeland Security does not call on an operational board of senior leaders to deliberate together and advise the secretary on important tradeoffs, and lacks the analytic capacity to conduct the tradeoff studies that should inform the secretary's broad resource allocation decisions.

To be effective, DHS's PPBE must provide an opportunity for the secretary to make his priorities known directly to the department's senior leaders, including the component chiefs, and for those leaders to air their concerns before the secretary in a shared setting. DHS's initial management directive about the PPBE called for a Joint Requirements Council to oversee the generation of mission requirements and review cross-functional and cross-component needs, but that Council does not appear to meet with the secretary or deputy secretary to deliberate on priorities and initiatives during the planning phase of the PPBE or to discuss alternatives and RADs at the end of the programming phase.

To improve the components' sense of ownership of the process and its outcomes, DHS needs a board of senior leaders that will meet together with the secretary or deputy secretary before the Integrated Planning Guidance is finalized, and again before the Resource Allocation Decisions are signed. The board, which might be named the Departmental Resource Planning Board, should include the secretary's top staff, the heads of the components, the director (PA&E), and the director of the Budget Division of the Office of the CFO.

To make informed choices about the allocation of resources, the secretary and deputy secretary need independent assessments of the long-term costs, consequences, and risks of the components' planned programs and of alternatives to them. They should also have information about major redundancies across the department. DHS PA&E ostensibly has that mandate, but the analytic organization has a relatively junior workforce with few experienced analysts equipped to examine fundamental tradeoffs or identify redundancies that are ripe for elimination. To develop the information top leaders need to make explicit choices during the programming phase, PA&E needs a cadre of experienced analysts who devote the bulk of their time to identifying tradeoffs and assessing their costs, benefits, and risks.

Recommendation 2: The next secretary of homeland security should make the following changes within DHS:

- Establish a working Departmental Resource Planning Board, chaired by the secretary or deputy secretary and including the senior staff of the Office of the Secretary, the heads of the operating components, the director (PA&E), and the director of the Budget Division of the Office of the Chief Financial Officer.
- Expand the Office of Program Analysis and Evaluation to include a cohort of experienced analysts with the skills, outlook, and mandate to conduct tradeoff studies that cut across the department's operating components.

Key Recommendations

1. The next administration should reconfigure the Executive Office of the President to strengthen White House oversight of homeland security and diminish the current seams between homeland security and national security.
2. The next secretary of homeland security should establish a working Departmental Resource Planning Board and expand the office of Program Analysis and Evaluation.
3. The 111th Congress should consolidate oversight responsibility for DHS and overall homeland security policy within a single homeland security authorizing committee in each chamber.
4. The 111th Congress should provide the resources needed to expand the National Security Division and the Budget Analysis Division of the Congressional Budget Office.
5. The next administration and Congress should work together to improve federal budget structures, account structures, databases, and reports to foster a more unified and mission-oriented approach to homeland security budgets and oversight.
6. The new administration should take actions to improve its articulated homeland security strategies and strengthen the linkages between strategy and resources for homeland security.
7. The new secretary of homeland security should make improvements to the department's PPBE process and should engage personally at key points in the process.
8. The 111th Congress should make specific requests to the Congressional Budget Office, the Congressional Research Service, and the Government Accountability Office for studies of the administration's plans for homeland security and alternatives to them.
9. The 111th Congress should conduct cross-committee and cross-subcommittee hearings of homeland security issues and of issues that lie at the intersection of homeland security and national security.

Finding 3: The current structure of Congress's authorizing committees stands in the way of achieving a unified approach to homeland security resource allocation.

Congress altered its committee and subcommittee structures in recent years to improve its appropriations and oversight processes. The Appropriations Committees in both chambers are now aligned with DHS. The House and Senate each created authorizing committees for homeland security, but both of those committees lack jurisdiction over large parts of DHS. Instead, authorizing jurisdiction is splintered across multiple committees, and is inconsistent between the two chambers.

It is unlikely that any assignment of jurisdiction for homeland security by Congress will completely erase the seams of jurisdiction for homeland security, because homeland security efforts are spread across so many departments of the executive branch. Congress could choose to align jurisdictions for both authorizers and appropriators with the homeland security function, in which case many activities of DHS would fall outside that jurisdiction or be split between committees. Alternatively, Congress could align jurisdiction for authorizers, as it already did for appropriators, with DHS. Either arrangement would be far better than today's. Because the work of realigning the Appropriations subcommittees has already been done, and because that model appears to be operating successfully, this report recommends that the jurisdictions of the authorizing committees also be aligned to DHS, and that the jurisdiction should also include overall policy for homeland security.

Recommendation 3: The 111th Congress should consolidate oversight responsibility for DHS and overall homeland security policy within a single homeland security authorizing committee in each chamber.

Finding 4: The Congressional Budget Office lacks the resources and staff it needs to conduct nonpartisan studies of homeland security issues or of issues that lie at the intersection of homeland security and national security.

CBO, CRS, and GAO provide important information and analyses that can help Congress exercise its resource allocation and oversight roles. Unfortunately, CBO currently lacks the analysts it would need to examine broad tradeoffs routinely across homeland security activities, or between homeland security and national security. The staff of CBO's National Security Division and Budget Analysis Division should be expanded to facilitate more studies of homeland security programs and of alternatives that cut across agencies.

Recommendation 4: The 111th Congress should provide the resources needed to expand the National Security Division and the Budget Analysis Division of the Congressional Budget Office, to include at least 10 analysts between the two divisions who are skilled in assessing the costs and implications of administration plans and potential alternatives for homeland security and for functions that lie at the intersection of homeland security and national security. The director of CBO should carry out the expansion.

Changes to Processes and Tools

Finding 5: The absence of a budget function for homeland security, coupled with the hodgepodge of appropriation accounts for the various components of DHS and the lack of a consistent historical record of homeland security spending by agency and mission, stand in the way of an integrated approach to homeland security resource allocation and congressional oversight.

The federal budget functions constitute an important tool for tracking budgets systematically. In Congress, they form the basis of each year's first cut at resource allocation to match broad national priorities, the Concurrent Budget Resolution. The absence of a federal budget function for homeland security robs both branches of a useful tool and sidesteps the government-wide perspective that the Budget Committees could bring to the effort.

Creating a single new budget function for homeland security would permit leaders and analysts to view the overall shape of the federal homeland security effort and identify trends over time. Seeing such trends can provide insight into the alignment of resources with strategy and help analysts and policy makers identify areas where a shift of resources would make sense. More importantly, it would bring the Budget Committees and their broad perspective on national priorities and revenues into the picture.

Whether or not a new budget function is created, OMB's collection of budget data related to homeland security needs to be strengthened. A consistent historical record of spending by agency and by mission is essential to sound resource allocation for the future. Responsibility for collecting such a record would seem to belong not in the RMOs, but in OMB's Budget Review office.

The lack of a central appropriation structure complicates the jobs of DHS PA&E and the CFO, and may hamper the translation of the homeland security secretary's broad goals into budgets. Congress should work with the White House and DHS to create a single set of appropriation titles for the department.

A more useful appropriation structure would separate DHS's homeland security functions from its non-homeland security activities. Within the homeland security function of each component, it would include six separate accounts, one for each of the critical mission areas. Such an account structure would facilitate resource allocation by mission.

Recommendation 5: The next administration and Congress should work together to improve federal budget structures, account structures, databases, and reports to foster a more unified and mission-oriented approach to homeland security budgets and oversight. Specifically:

- The 111th Congress should create a new homeland security budget function that includes all of the federal homeland security activities currently reported by OMB in the chapter on Crosscutting Programs of the *Analytical Perspectives* volume of the federal budget.
- Congress should require, and OMB should establish, a historical record of homeland security spending by agency and mission, to be included in the historical tables of the annual budget submission.
- The new Congress, working with the new secretary of homeland security, should create a unified set of mission-based appropriation accounts for the department.

Finding 6: The plethora of homeland security strategy documents is confusing, and DHS resources are not well linked either to the strategies or to DHS assessments of threats, vulnerabilities, and risks.

The allocation of federal resources for homeland security across departments and agencies of the executive branch and across components of DHS is not firmly and visibly linked to strategic priorities and risks. Part of the problem lies in the strategy documents and other guidance developed within the Executive Office of the President. The continually expanding collection of strategy documents, Presidential Directives, and executives orders related to homeland security make it difficult to discern genuine priorities and to establish clear linkages between those priorities and the federal resources devoted to homeland security.

To establish national priorities for homeland security and set the stage for resource allocation, the Executive Office of the President should publish a new strategy for homeland security at least every four years. The document should focus on the top priorities, and top priorities should be incorporated into it rather than scattered across a profusion of documents.

National and DHS assessments of threat, vulnerabilities, and risks should underpin both the strategy and the allocation of resources. Yet current assessments appear to be inconsistent in their depth and do not appear to be used in the management of risks across departments or components. The EOP and DHS should develop the tools they need to integrate threat, vulnerability, and risk assessments across components and departments. They should consider those integrated assessments as a basis for shifting resources across components and departments. The integrated assessments may well require a different approach to analysis than the department currently appears comfortable with—one that sparks and relies on public discussion of broad categories of threats and risks.

The EOP and DHS put enormous energy into the preparation of strategy documents and strategic plans. Yet currently there is also no formal review that delineates the linkages between strategy and resources. The 110th Congress mandated such a review—to be called the Quadrennial Homeland Security Review—in the 9/11 Commission Act of 2007. It is crucial that the new administration undertake such a review during its first year in office.

The 9/11 Commission Act of 2007 places responsibility for the QHSR in the hands of the secretary of homeland security. With more than half of the federal homeland security effort falling outside DHS, however, the secretary is likely to lack both the clout and the government-wide perspective to establish priorities and develop the resource plan for homeland security across the federal government. A better choice is to place responsibility for the QHSR within the Executive Office of the President. The QHSR should form the basis of plans and resource allocations for all federal homeland security activities.

Recommendation 6: The new administration should take the following actions to improve its articulated homeland security strategies and strengthen the linkages between strategy and resources for homeland security:

- The Executive Office of the President and the new secretary of homeland security should improve national and DHS assessments of threats, vulnerabilities, and risks.
- Within the first year, the Executive Office of the President should update, integrate, and streamline the strategy documents for homeland security. A single overarching strategy for homeland security should include a prioritized list of the nation's critical homeland security missions and a prioritized list of the critical missions to be carried out by the federal government. The national strategy for homeland security should be updated at least every four years.
- Within the first year, the Executive Office of the President should conduct a Quadrennial Homeland Security Review that draws genuine long-term links between the strategy articulated in the streamlined homeland security strategy document and the resources the administration intends to devote to homeland security. The QHSR should start with the administration's national homeland security strategy; articulate a prioritized list of the nation's critical homeland security missions; and identify the federal programs, infrastructure, and budget plan that will be required to implement the strategy successfully.

- The secretary of homeland security should use the QHSR as the basis of the PPBE in DHS. The QHSR should also form the basis of plans, programs, and budgets for homeland security in the other departments and agencies with roles in homeland security.

Finding 7: As practiced in DHS, the PPBE lacks formal mechanisms to facilitate the secretary's personal involvement, to build consensus for resource allocation decisions among the component heads, and to provide the secretary of homeland security with independent analyses of the costs, risks, and other implications of the components' plans and alternatives to them.

DHS's early leaders got the department off to a good start when they established a PPBE and a FYHSP and created PA&E. As practiced today, however, the PPBE lacks formal mechanisms to facilitate the secretary's personal involvement and build consensus for his priorities, initiatives, and resource allocation decisions among senior leaders of the department and its components.

The secretary should decide early during the planning phase on his top priorities. He should discuss those priorities and his preferences for the coming budget in a meeting with senior leaders. A meeting early in the planning phase of the Departmental Resource Planning Board proposed in Recommendation 2 would facilitate the direct communication of top priorities and the early airing and resolution of issues that cut across components.

The Integrated Planning Guidance is the formal written vehicle for pressing the secretary's priorities and preferences into the process. Yet in early cycles of the PPBE, the IPG went out to the operating components without the secretary's signature. Without the review and signature of the secretary or deputy secretary, component leaders can legitimately question the authority of the IPG. A signed IPG, delivered on time to the components, is essential to an effective PPBE.

During the programming phase, strategies should be translated at the department level into program and budget reality. That is not happening. With a few exceptions (such as the current border security initiative), budgets are allocated to the components based on the shares they received in previous years. The components are instructed to align their programs to national and departmental strategy, but are generally left to allocate their shares as they see fit. Thus, the components are still largely in charge of setting their own agendas. To translate national strategy effectively into budget reality, the department's leaders need to make informed choices about how resources will be allocated across components and programs.

Making informed choices requires information and analyses about the costs, risks, and other implications of the components' plans as well as about alternatives the secretary could consider. PA&E should conduct such analyses, and their results should be presented to the secretary or deputy secretary and the Departmental Resource Planning Board during a meeting scheduled toward the end of the programming phase.

Recommendation 7: The new secretary of homeland security should make improvements to the department's PPBE process and should engage personally at key points in the process. Specifically, the secretary should:

- Institutionalize a meeting of the Departmental Resource Planning Board to discuss priorities in advance of preparation of the Integrated Planning Guidance.
- Personally review the Integrated Planning Guidance and sign it on schedule.
- As part of the program review, instruct the director (PA&E) to conduct tradeoff studies and provide information about the costs and risks associated with a variety of alternatives to component programs. Alternatives should include tradeoffs within and among components. The tradeoff studies should form the basis of some draft Resource Allocation Decisions, or RADs.
- Institutionalize a meeting of the Departmental Resource Planning Board to review the alternatives considered in PA&E's tradeoff studies and discuss draft RADs.

Finding 8: Congress's nonpartisan support agencies play an important role in providing information and analyses that can help lawmakers improve the allocation of federal resources to homeland security.

Congress needs to engage more effectively in overall homeland security policy and its ramifications for future spending. CBO, CRS, and GAO play important roles in providing information and analyses that can help lawmakers as they consider the allocation of federal resources to homeland security.

The newly mandated QHSR provides a new vehicle for participation by Congress and its support agencies. To get the most out of the quadrennial review, the homeland security committees should request that CRS prepare a report in advance of the review, detailing issues that the review is expected to raise for Congress. Upon publication of the QHSR, they should request that CBO assess the likely implications of the review for future costs and effectiveness, and develop broad alternatives for Congress to consider. Armed with those reports, Congress should conduct cross-committee hearings into the course the administration plans to set.

CBO provides Congress with an annual study of the costs and other implications of Department of Defense plans and programs. A similar study of the administration's homeland security plans and programs would provide lawmakers with information they need to allocate resources, both among homeland security efforts and between homeland security and other national priorities. CBO also conducts studies of important national security policies and programs at the request of the chair or ranking member of defense committees of jurisdiction. Such studies would be useful to lawmakers who wish to understand the costs, risks, and other implications of specific administration policies and programs. Congress should routinely request such studies from CBO after the organization is expanded as in Recommendation 4.

Recommendation 8: The 111th Congress should make specific requests to the Congressional Budget Office, the Congressional Research Service, and the Government Accountability Office for studies of the administration's plans for homeland security and alternatives to them. At a minimum:

- During the first year, CRS should be asked to provide a report on the issues for congressional consideration that are likely to be raised by the QHSR.
- During the first year, the chairmen and ranking members of the House and Senate homeland security authorizing committees should ask CBO to prepare an assessment of the administration's QHSR.
- The chairmen and ranking members of the House and Senate homeland security authorizing committees should ask CBO each year to conduct a study of the costs, risks, and other implications of the administration's plans for homeland security and of alternatives to those plans.
- The chairmen and ranking members of committees and subcommittees of jurisdiction should ask CBO to conduct studies of major homeland security programs that identify and analyze a menu of options for consideration by lawmakers.

Finding 9: Congress lacks an integrated approach to resource allocation and oversight of homeland security and of issues that lie at the intersection of homeland security and national security.

The reorganization of congressional authorizing committees as suggested in Recommendation 3 could go a long way toward improving the integration of homeland security resource allocation and oversight in Congress. Multiple committees will still have jurisdiction over homeland security activities that lie outside of DHS, however. Issues that lie at the intersection of homeland security and national security will also continue to cut across committees and also across subcommittees of the Appropriations Committees. To facilitate a more integrated approach by Congress to 21st century security challenges, the Budget Committees should hold hearings about the broad homeland security effort, and Congress should routinely hold cross-committee and cross-subcommittee hearings on homeland security.

Recommendation 9: The 111th Congress should conduct cross-committee and cross-subcommittee hearings of homeland security issues and of issues that lie at the intersection of homeland security and national security. In particular:

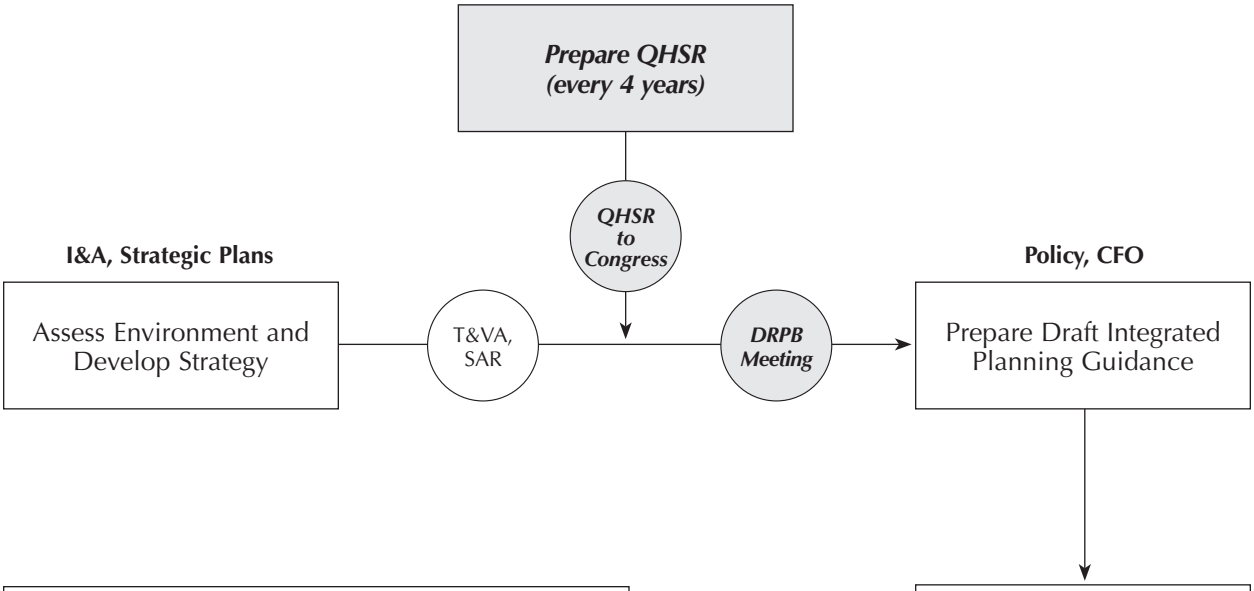
- The House and Senate Budget Committees should hold hearings to help determine an appropriate allocation of resources to the newly instituted homeland security budget function.

- Following the administration's submission to Congress of the QHSR, lawmakers should hold cross-committee hearings on the administration's review, informed by the CBO and CRS reports.
- Authorizing committees and Appropriations subcommittees should conduct regular joint hearings of homeland security activities that continue to cut across committee or subcommittee jurisdictions.

Improved organizations and processes are not the solution to every problem. Capable leaders can push their priorities into programs and budgets even when organizations are ill equipped or processes are weak, and poor leaders can subvert even the most impressive processes. Nevertheless, solid structures and sound processes for planning and resource allocation can help decision makers get needed information about the costs and potential consequences of the options available to them. They can help leaders establish control over priorities by strengthening the links between strategies and budgets. Perhaps most important for the federal homeland security effort, they can help to pull the policies and budgets of competing organizations into a cohesive whole.

Appendix: Planning and Programming Phases of the Department of Homeland Security's PPBE

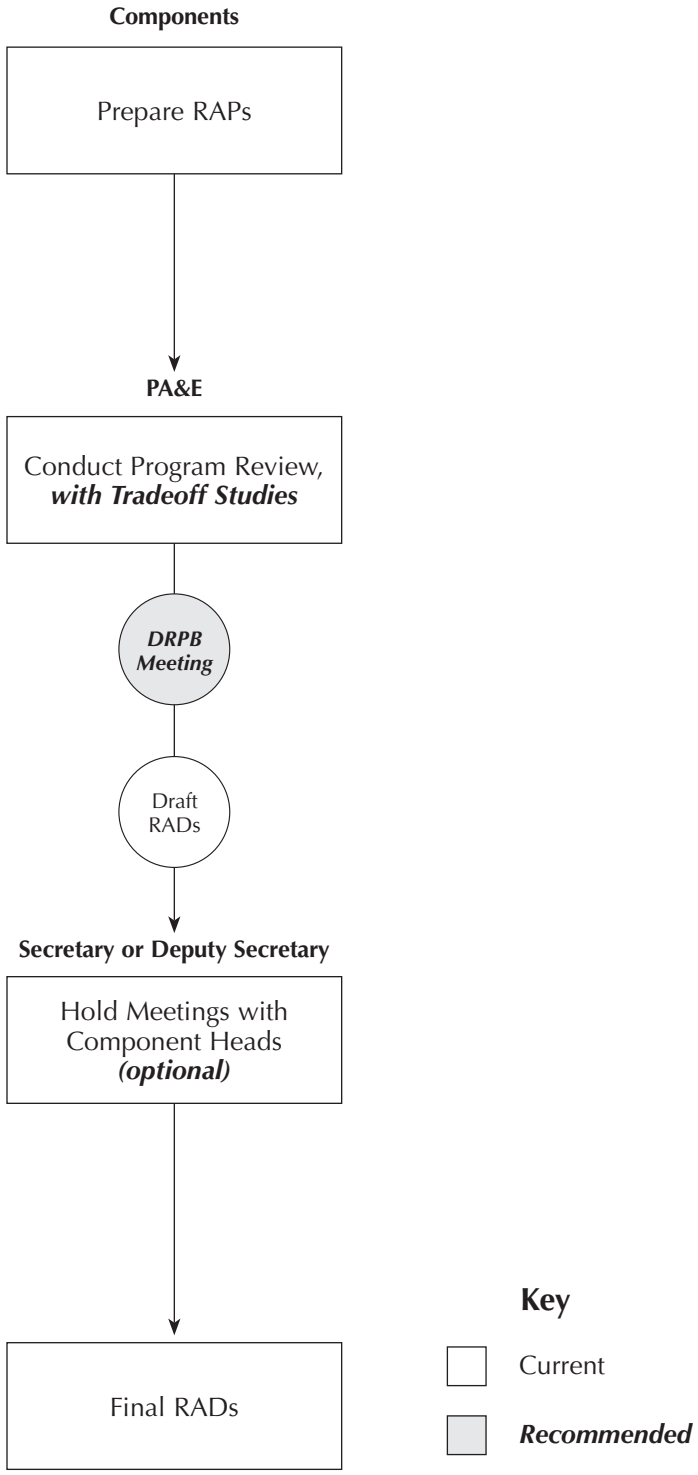
Figure A.1: Current and Recommended Planning Phase



Acronyms

CFO	Chief Financial Officer
DRPB	Departmental Resource Planning Board
FYHSP	Future Years Homeland Security Program
I&A	Office of Intelligence & Analysis
PA&E	Office of Program Analysis & Evaluation
PPBE	Planning, Programming, Budgeting, & Execution System
QHSR	Quadrennial Homeland Security Review
RAD	Resource Allocation Decision
RAP	Resource Allocation Plan
SAR	Strategic Assessment Report
T&VA	Threat & Vulnerability Assessment

Figure A.2: Current and Recommended Programming Phase



Endnotes

1. The author is grateful to the John D. and Catherine T. MacArthur Foundation for support of initial research toward this paper.

2. The first such strategy was *The National Strategy for Homeland Security* (Washington, DC: Office of Homeland Security, July 2002). The second and most recent is *The National Strategy for Homeland Security* (Washington, DC: Homeland Security Council, October 2007).

3. Alain C. Enthoven and K. Wayne Smith, *How Much is Enough: Shaping the Defense Program 1961-1969* (New York: Harper & Row, 1971; reprinted by Rand, 2005).

4. The system, revised several times in the intervening decades, was modified and renamed PPBE in 2004.

5. Alain C. Enthoven and K. Wayne Smith, *How Much is Enough: Shaping the Defense Program 1961-1969* (New York: Harper & Row, 1971; reprinted by Rand, 2005).

6. To be fair, the PPBE as practiced today in the Department of Defense seems a weak cousin of the PPBS envisioned in the 1960s. Critics say the Defense Department process has became a mechanism for maintaining existing programs and commitments, rather than shaping programs to match national strategic goals.

7. *The National Strategy for Homeland Security* (October 2007) is organized not around those six missions, but rather around four goals: "prevent and disrupt terrorist attacks; protect the American people, our critical infrastructure, and key resources; respond to and recover from incidents that do occur; and continue to strengthen the foundation to ensure our long-term success."

8. I am grateful to Major General Bruce M. Lawlor (U.S. Army, retired) for pointing out that the shares of DHS budgets devoted to the main components have remained nearly constant.

9. The October 2007 *National Strategy for Homeland Security* does not use this breakout of missions. Nevertheless, current OMB plans are to continue to use the 2002 categories for the report of homeland security budgets in the *Analytical Perspectives* volume of the federal budget.

10. The description of the process is drawn from Department of Homeland Security Management Directive, "Planning, Programming, Budgeting and Execution," MD Number 1330, undated, and from a presentation on the PPBE provided to the author during interviews at DHS.

11. The director of strategic plans reports to the assistant secretary for policy. The administration requested upgrades in both positions, with an assistant secretary for strategic plans reporting to an undersecretary for policy. See DHS organization charts as of 4/1/2007, www.dhs.gov/xlibrary/assets/DHS_OrgChart.pdf.

12. Todd Masse, Siobhan O'Neil, and John Rollins, "The Department of Homeland Security's Risk Assessment Methodology: Evolution, Issues, and Options for Congress" (Washington, DC: Congressional Research Service, February 2, 2007).

13. Henry H. Willis, "Risk Informed Resource Allocation at the Department of Homeland Security," Testimony before the House Appropriations Committee, Subcommittee on Homeland Security, February 7, 2007 (Santa Monica, CA: Rand, 2007), p. 5.

14. Henry Willis points out that developing such understanding will require public discourse about the tradeoffs among broad categories of risk; a "cold, actuarial terrorism risk assessment is unrealistic," because "values and judgment are part and parcel of the process." Henry H. Willis, "Risk Informed Resource Allocation at the Department of Homeland Security," Testimony before the House Appropriations Committee, Subcommittee on Homeland Security, February 7, 2007 (Santa Monica, CA: Rand, 2007), p. 5.

15. Public Law 110-053, "Implementing Recommendations of the 9/11 Commission Act of 2007," signed August 3, 2007, Section 2401.

16. The first DoD QDR report was published in May 1997 by Secretary of Defense William Cohen; it included an estimate of the resources that would be required, but that estimate rested on overly optimistic assumptions about savings from infrastructure reforms. The second QDR, submitted by Secretary of Defense Donald Rumsfeld just weeks after the 9/11 attacks, argued that it was not yet possible to estimate the resources needed to deal with the terrorist threat. The third QDR, submitted by Donald Rumsfeld in February 2006, dismissed the notion that a discussion of resources was relevant or necessary.

17. The White House, *The National Strategy for Homeland Security* (July 2002), p. 64.

18. The establishment of HSC early in October 2001 was made official in President George W. Bush, Homeland Security Presidential Directive 1 (HSPD-1), "Organization and Operation of the Homeland Security Council," October 29, 2001. HSPD-1 calls for the HSC to "ensure coordination of all homeland security-related activities among executive departments and agencies and promote the effective development and implementation of all homeland security policies." HSC's advice and oversight roles were later codified by Congress in the Homeland Security Act of 2002, Secs. 902 and 904.

19. For NSC figure, see Alan G. Whittaker, Frederick C. Smith, and Elizabeth McKune, *The National Security Policy Process: The National Security Council and the Interagency System* (Research Report, April 2007 Annual Update) (Washington, DC: Industrial College of the Armed Forces, National Defense University, U.S. Department of Defense, April 2007), p. 11. For HSC figure, see White House website, http://www.whitehouse.gov/hsc/, as of August 28, 2007.

20. Whittaker et al., *The National Security Policy Process*, pp. 50–51.

21. Whittaker et al., *The National Security Policy Process*, pp. 50–51.

22. Whittaker et al., *The National Security Policy Process*, p. 53.

23. See *Analytical Perspectives* volume of the annual Budget of the United States Government, beginning with the budget for FY 2005.

24. The White House, *The National Strategy for Homeland Security* (July 2002), p. 64.

25. Public Law 110-053, "Implementing Recommendations of the 9/11 Commission Act of 2007," signed August 3, 2007.

26. Public Law 110-053.

27. *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States* (New York: W.W. Norton & Company, 2004), p. 421.

28. Michael L. Koempel, "Homeland Security: Compendium of Recommendations Relevant to House Committee Organization and Analysis of Considerations for the House, and 109th and 110th Congresses Epilogue," CRS Report for Congress (Washington, DC: CRS, March 2, 2007), p. 63.

29. See website of the Senate Committee on Homeland Security and Governmental Affairs, http://hsgac.senate.gov/index.cfm?Fuseaction=About.Jurisdiction, as of August 28, 2007.

30. Public Law 110-053.

31. Committee on Homeland Security, Press Release, "Chairman Thompson on Passage of H.R. 1 and the Future of Homeland Security," August 2, 2007.

32. Committee on Homeland Security, "Chairman Thompson on Passage of H.R. 1," August 2, 2007.

33. Other expert commissions and several think tanks have made other recommendations. For a detailed history and analysis of recommendations by commissions and think tanks, see Koempel, "Homeland Security: Compendium of Recommendations," p. 63.

ABOUT THE AUTHOR

Cindy Williams is a Principal Research Scientist in the Security Studies Program of the Massachusetts Institute of Technology. Her work at MIT includes an examination of the processes by which the U.S. government plans for and allocates resources among the activities related to national security and international affairs, a study of options for reform of military personnel policies, and an examination of the transition to all-volunteer forces in the militaries of Europe and North America. Formerly she was an assistant director of the Congressional Budget Office, where she led the National Security Division in studies of budgetary and policy choices related to defense and international security.

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