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## FIXING THE HOMELAND SECURITY APPROPRIATIONS BILL

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On June 24, the U.S. House of Representatives passed its first-ever homeland security appropriations bill. The bill fragments the distribution of grants for state and local governments and decreases the flexibility required to implement the national homeland security strategy. Congressional appropriations should allow for “one-stop shopping” by state and local governments seeking grant assistance while also giving the Bush Administration the ability to ensure that the most critical needs are met first. Grant programs in the legislation should be consolidated. Meanwhile, Congress should focus its efforts on the structural reforms needed to make the grant process streamlined and effective.

The Administration’s fiscal year (FY) 2004 budget request bundled a number of disparate federal grants for state and local homeland security efforts into two major programs, totaling about \$5 billion: one in the Department of Health and Human Services (HHS) for biomedical preparedness and the second in the Department of Homeland Security (DHS) for emergency responders, critical infrastructure protection, and counterterrorism. Within the DHS, \$3.5 billion in proposed grants was to be administered by the Office of Domestic Preparedness (ODP). This consolidation was a step in the right direction, reducing the number of entry points and requirements for state and local governments. In addition, bundling the grants under the ODP would give the department the flexibility to

target resources at reducing the greatest risks and vulnerabilities.

Attempting to boost support to state and local government, the House appropriations bill for the DHS added about \$0.9 billion in grants to the President’s FY 2004 budget request. Some additional spending seems prudent. There is little question that creating an adequate national capability to respond to a range of terrorist attacks is a daunting fiscal challenge.

On the other hand, simply spending a few more dollars will neither close the gap quickly nor ensure that the money is spent effectively and purposefully. In this respect, the House bill does not measure up because it will distribute grants in a manner that will virtually ensure that monies will not be used as efficiently as possible.

**Unity of Command.** For example, the House bill shifts firefighter assistance grants (\$0.75 billion) from the ODP (as the Administration has proposed) to the Emergency Preparedness and Response Directorate. These grants are now admin-

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istered by the Federal Emergency Management Agency. Giving the ODP oversight of the program would have allowed the office to ensure that grants were used to meet homeland security needs, targeted at the most critical vulnerabilities, and balanced with the other emergency responder grant programs administered by the ODP. Shifting the program to another directorate destroys the unity of command needed to maximize the effectiveness of the limited funds available.

Even within the grants administered by the ODP, the House legislation is overly prescriptive, setting specific criteria for how the funds should be spent rather than allowing the Administration to focus on the most important strategic priorities. For example, the House bill allots \$0.5 billion for discretionary grants for high-density and high-threat areas. In other words, only about 12 percent of DHS grant money is targeted directly at the most likely victims of a terrorist attack. This makes little sense; grant distribution should be based on a formula specifically designed by the DHS to implement national strategy.

Congress should also require that the department quickly establish broad national standards for emergency response. This provision, stripped from the Homeland Security Act, is essential to the process of smart spending. Without real standards, there is no way to determine the nation's most important unfunded needs. Standards are also essential for determining levels of readiness and are the only viable measure of how much spending is enough.

**Performance-Based Budgeting.** With a strategy and real performance standards, the Administration can move to performance-based budgeting for homeland security. This form of budgeting would set the performance goals that must be achieved without specifying exactly how to accomplish the mission, giving states and local governments maximum flexibility in determining how best to meet their unique security needs. It would also provide a basis for measuring what kind of emergency response capacity the federal government is buying and allow Congress to focus on its proper role—overseeing how effectively the programs are meeting the nation's needs—instead of using earmarked

appropriations to micromanage homeland security spending.

Congress can also help by requiring federal agencies, particularly the DHS and the HHS, to harmonize their grant processes so that states and local governments do not have to submit duplicative plans and requirements. Having to produce only one type of document and one set of plans will greatly facilitate achieving the goal of one-stop shopping for domestic security assistance.

**Recommendations.** The House needs to get back on track. Disbursing grant funds to meet too many demands risks spending a little on everything and not providing much security for anything. Grant programs should be consolidated as much as possible to give the Administration the flexibility to meet the most urgent requirements. Meanwhile, to improve the grant process, Congress should:

- **Restore** the Administration's proposal for the ODP to manage all grants and refrain from earmarking grant funds;
- **Move** the ODP to the DHS Office of State and Local Government, thus giving the department a true one-stop shop;
- **Refine** the national strategy to identify critical needs and implement a grant distribution formula that meets those requirements;
- **Establish** national standards and a mechanism for measuring the level of preparedness and the effectiveness of existing grant programs; and
- **Require** the DHS and the HHS to harmonize and simplify their grant management requirements, thereby reducing duplication and wasted effort.

**Conclusion.** Organization, structure, strategy, standards, and discipline are just as important, if not more so, over the long term than how much money is being spent. In the end, they will be the difference between just another federal assistance program and a real national security tool for better protecting American lives and property.

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