

BACKGROUND

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The Second Quadrennial Homeland Security Review: Setting Priorities for the Next Four Years

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Abstract

March 2013 marks the 10th anniversary of the creation of the U.S. Department of Homeland Security (DHS)—a direct response to 9/11. DHS was established to prevent and mitigate terrorist attacks on the United States. Ten years later, the concept of homeland security has come to embody an “all hazards” approach, focusing not only on terror threats, but also on natural disasters and technological accidents. Along with the evolution of the homeland security mission, the past decade has seen the institutionalization of DHS itself. Five national security analysts detail key adjustments to DHS to make the department as effective as it should be—which the Homeland Security Secretary should consider for DHS’s second Quadrennial Homeland Security Review, due at the end of 2013.

This paper, in its entirety, can be found at <http://report.heritage.org/bg2766>

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In March, the Department of Homeland Security (DHS) will mark its 10th anniversary of existence. DHS was established to prevent terrorist attacks and to reduce the vulnerability of, and minimize the damage to, the U.S. in the case of attacks. Ten years later, the concept of homeland security has come to embody an “all hazards” approach, focusing not only on terror threats, but also on natural disasters and technological accidents. Along with the evolution of the homeland security mission, the past decade has seen the institutionalization of DHS itself.

What is needed now is not a massive DHS reorganization—as proposed by some in Washington—or the elimination of the department altogether, but key adjustments to ensure that the department can be as effective as it needs to be. In particular, the Secretary of Homeland Security should guide the department to focus on:

1. Recapitalizing the Coast Guard;
2. Strengthening intelligence, counterterrorism, and information sharing;
3. Rethinking aviation security;

KEY POINTS

- Ten years after creation of the Department of Homeland Security (DHS), homeland security has become an “all hazards” approach, focusing not only on terror threats, but also on natural disasters and technological accidents.
- DHS struggles with management, leadership, and setting priorities. What is needed now, however, is not a massive reorganization of the department, but a focus on priorities. These should include reforming and refining the missions of both TSA and FEMA.
- In order to ensure that the Coast Guard can fulfill its mission and protect the maritime domain, the fleet must be modernized.
- Other efforts should include streamlining the domestic counterterrorism framework and reforming the DHS management structure in order to ensure a capable and effective department.
- As DHS prepares the second Quadrennial Homeland Security Review, the Secretary of Homeland Security has the opportunity to outline DHS’s mission and priorities for the next four years.

4. Refocusing FEMA on truly catastrophic events; and
5. Driving institutional reform to create centralized management authority.

Indeed, with the second iteration of the Quadrennial Homeland Security Review (QHSR) due to Congress in December 2013, DHS now has a timely opportunity to assess its top priorities.

The Quadrennial Homeland Security Review

In 2007, Congress passed the Implementing Recommendations of the 9/11 Commission Act of 2007.¹ Within the act, Congress mandated that DHS conduct a Quadrennial Homeland Security Review (QHSR) entailing:

a comprehensive examination of the homeland security strategy of the Nation, including recommendations regarding the long-term strategy and priorities of the Nation for homeland security and guidance on the programs, assets, capabilities, budget, policies and authorities of the Department.²

Modeled in part after the Department of Defense's Quadrennial Defense Review, the QHSR was intended as a strategic assessment of the Department of Homeland Security's missions and objectives, planning, programs, and capabilities.

As part of the process, Congress required that DHS submit a report every four years detailing not only the findings of the QHSR but also:

- An assessment of homeland security threats used to inform the review;
- Updates to the national homeland security strategy;
- A description of necessary inter-agency cooperation, assets, infrastructure, and budget plans;
- An appraisal of the organizational alignment of the department; and
- Details on DHS cooperation with other federal agencies, as well as with state, local, and tribal governments.³

The first QHSR was due to Congress by December 31, 2009, though not submitted until February 2010. The second QHSR is to be submitted to Congress by December 31, 2013.

Priorities and Vision

As the Department of Homeland Security begins to prepare the second Quadrennial Homeland Security Review, the Secretary has the opportunity to outline DHS's priorities for the next four years. In this regard, the QHSR can serve not only as a strategic assessment of department missions, accomplishments, and capabilities, but also as a means for the Secretary to offer a vision for the

entire homeland security enterprise. At the same time, the QHSR must act as more than an exercise in meeting statutory requirements, and also as a process for restoring dialogue and credibility with lawmakers on Capitol Hill.

Ultimately, while the QHSR will provide a comprehensive assessment of the homeland security enterprise, the Secretary should focus, in particular, on five crucial elements:

1. Recapitalizing the Coast Guard. The United States Coast Guard (USCG) provides crucial security in American waters. In recent years, the number of USCG missions has grown steadily due to the varied nature of maritime security threats, and the need to protect U.S. interests from ports at home to the Arctic. However, this increased responsibility has not coincided with adequate modernization. Many of the vessels that support Coast Guard missions have exceeded their expected service lives. In many cases, maintenance and repair are not enough to keep these assets operational.

The Coast Guard has been working toward major recapitalization to address these concerns for a number of years. Particularly with three new classes of cutter, the Coast Guard intends to modernize its fleet to provide maritime security for the next 40 years.

Resources, however, are not keeping up with requirements. In the fiscal year (FY) 2013 budget request, proposed funding for Coast Guard acquisition, construction, and improvement would decline by

1. Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53.

2. Ibid.

3. Ibid.

4. Jessica Zuckerman, "The 2013 Homeland Security Budget: Misplaced Priorities," Heritage Foundation *Backgrounders* No. 2664, March 23, 2012, <http://www.heritage.org/research/reports/2012/03/the-2013-homeland-security-budget-misplaced-priorities>.

nearly 19 percent from FY 2012.⁴ As Congressman Frank LoBiondo (R-NJ), Chairman of the House Coast Guard and Maritime Transportation Subcommittee, explained in a Coast Guard hearing, “[W]e are forced to pour more money into maintaining rapidly failing legacy assets, there is less available for replacement assets, and as we put off the acquisition of new assets, we only increase the strain on legacy assets.” The former Coast Guard Commandant referred to this as a “death spiral.”⁵

As mission creep continues and resources must keep up, the Department of Homeland Security must dedicate more effort to realizing the planned fleet that will serve the Coast Guard for the next 40 years. This includes the National Security Cutter (NSC), the Offshore Patrol Cutter (OPC), and the Fast Response Cutter (FRC). These vessels will serve seven of the 11 Coast Guard missions, including search and rescue; drug interdiction; migrant interdiction; port, waterway, and coastal security; general law enforcement; and defense readiness operations.⁶ In particular, the NSC and OPC will also be able to execute

these missions in more challenging conditions, such as in the Arctic and on rougher seas.

National Security Cutter (NSC). The NSC will replace the legacy *Hamilton*-class High Endurance Cutter (HEC). The HEC’s intended service life was 40 years, yet the fleet now averages 42.8 years.⁷ The consequences of keeping them in service have become painfully clear. According to the DHS Office of the Inspector General, “the declining readiness of the USCG’s High Endurance Cutter fleet continues to present significant challenges to mission performance.”⁸

While some have called for simply upgrading the existing HECs, Coast Guard Commandant Admiral Robert Papp has indicated that the HECs are both expensive to upgrade and not nearly as effective as the new NSCs.⁹ Indeed, the NSC is more effective than its predecessor in range, seaworthiness, and durability, and will be able to operate in environments as disparate as storm-ridden Caribbean waters and the Arctic Circle.

The Coast Guard originally intended to field 16 NSCs, later reducing the plan to eight. However,

the FY 2013 budget request removes advanced funding for the seventh and eighth cutters, effectively preventing them from being built. The Coast Guard, however, has not changed its requirement level, and neither it nor DHS has offered a justification for this decision beyond Secretary Napolitano’s vague and peculiar explanation that “we will look at [NSC] seven and eight in light of what the Navy is doing.”¹⁰ Until the Coast Guard explains that it will be able to execute its range of missions with six NSCs, the Administration should request that Congress provide funding to build an eight-NSC fleet.

Offshore Patrol Cutter (OPC). The OPC will replace the aging 210-foot and 270-foot cutters in its Medium Endurance Cutter (MEC) fleet. The Coast Guard is calling for the procurement of 25 OPCs to replace the fleet of 29 MECs.¹¹

Many of the Coast Guard’s current MECs are nearing, or are beyond, their intended service lives.¹² As a consequence, the fleet has required increasing maintenance. Between FY 2005 and FY 2011, the MECs operated below their target levels, while their operational hours declined

5. News release, “LoBiondo Hearing Focuses on ‘Death Spiral’ of Coast Guard Asset Maintenance Challenges,” Transportation and Infrastructure Committee, U.S. House of Representatives, September 20, 2012, <http://archives.republicans.transportation.house.gov/news/PRArticle.aspx?NewsID=1736> (accessed February 4, 2013).
6. Ronald O’Rourke, “Coast Guard Cutter Procurement: Background and Issues for Congress,” Congressional Research Service *Report for Congress* R42567, October 31, 2012, <http://www.fas.org/sgp/crs/weapons/R42567.pdf> (accessed February 4, 2013).
7. Hearing, *A Review of the Challenges Maintaining Legacy Assets Pose to United States Coast Guard Mission Performance*, Transportation and Infrastructure Committee, U.S. House of Representatives, September 20, 2012, <http://archives.republicans.transportation.house.gov/hearings/hearingdetail.aspx?NewsID=1715> (accessed February 4, 2013).
8. Department of Homeland Security, Office of the Inspector General, *Annual Review of the United States Coast Guard’s Mission Performance (FY2011)*, OIG-12-119, September 2012, pp. 27–28, http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-119_Sep12.pdf (accessed February 4, 2013).
9. Ronald O’Rourke, “Coast Guard Cutter Procurement: Background and Issues for Congress,” Congressional Research Service *Report for Congress*, June 29, 2012, <http://www.hsdl.org/?view&did=715473> (accessed February 4, 2013).
10. Christopher P. Cavas, “2 Cutters Removed from FY13 Coast Guard Budget,” *Navy Times*, February 24, 2012, <http://www.navytimes.com/news/2012/02/coast-guard-2013-budget-2-cutters-removed-022412d/> (accessed February 4, 2013).
11. O’Rourke, “Coast Guard Cutter Procurement, June 29, 2012.”
12. United States Coast Guard, Acquisition Directorate, “Offshore Patrol Cutter,” November 15, 2012, <http://www.uscg.mil/acquisition/opc/> (accessed February 4, 2013).

around 21 percent.¹³ In addition, the MECs are operating with outdated technology, and cannot effectively perform missions in the weather conditions of the Gulf of Alaska and Bering Sea.¹⁴

With the first OPC to be procured in FY 2017, the fleet will boast “increased range and endurance, more powerful weapons, a larger flight deck, and improved command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) equipment.”¹⁵

As the OPC is still in its development stage, the Department of Homeland Security should ensure that the fleet matures in a responsible and cost-effective manner. The Government Accountability Office (GAO) reported that the Coast Guard has taken “steps to improve the requirements development process for the Offshore Patrol Cutter.”¹⁶ One such step included clarifying performance requirements, making the program more predictable and manageable for potential shipbuilders. The Coast Guard and DHS should continue to build on this progress, so that when the time comes to build the cutters they can take advantage of savings earned through responsible research and development.

Fast Response Cutter (FRC). The *Sentinel*-class Fast Response Cutter is the replacement for the legacy *Island*-class patrol boat. As with the NSC and OPC, the FRC is replacing an aging fleet that requires increasing maintenance. The *Island*-class fleet was built in the 1980s and 1990s and each vessel has an expected service life of 20 years. Beyond the service life issues, the FRC is also more capable than its predecessor in a number of ways, such as its sea-keeping capabilities, range, and communications.¹⁷ Further, the added capability and larger fleet will enable the FRC to perform tasks more efficiently and safely.

The Administration requested two FRCs in FY 2013. The House of Representatives added funding for two additional FRCs, while the Senate added two more, intending to procure a total of six cutters in FY 2013. The purpose of this increase was to take advantage of economies of scale. DHS should work with Congress to ensure that funding for the FRC program continues, so that the fleet can enter service quickly and efficiently.

The Arctic. As the NSC and OPC programs indicate, the Coast Guard will be dedicating increasing time and effort to providing security

and presence in the Arctic. With increased economic interests in the region, there will be rising commercial maritime traffic. The Coast Guard is the primary executor of security in America’s Arctic waters, but as is the case with its other programs, resources are not keeping pace with increased missions.

The Coast Guard’s icebreaker fleet is particularly weak at present with no operational heavy-duty capabilities.¹⁸ The Coast Guard’s FY 2013 budget request includes funding to revitalize the USCG’s heavy icebreaker, the *Polar Star*, to provide some capability for this requirement. Yet, the Coast Guard’s stated requirement is for three medium and three heavy-duty icebreakers.¹⁹ The revitalization of the 37-year-old *Polar Star* alone will not fill this gap.

The FY 2013 Coast Guard budget request also includes \$8 million to begin research on a new heavy-duty icebreaker. However, the total cost for building such a vessel is likely to be nearly \$900 million over five years. This would be a massive portion of the Coast Guard’s total procurement budget. The Coast Guard should consider other options, such as leasing existing commercial icebreakers from foreign companies. This would require a waiver to the

13. Government Accountability Office, “Coast Guard: Legacy Vessels’ Declining Conditions Reinforce Need for More Realistic Operational Targets,” GAO-12-741, July 2012, <http://www.gao.gov/assets/600/593163.pdf> (accessed February 4, 2013), and Stephen L. Caldwell, “Coast Guard: Mission Performance Challenged by the Declining Condition and Rising Costs of its Legacy Vessel Fleet,” testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, U.S. House of Representatives, September 20, 2012, <http://www.gao.gov/assets/650/648657.pdf> (accessed February 4, 2013).

14. O’Rourke, “Coast Guard Cutter Procurement, June 29, 2012”

15. United States Coast Guard, “Offshore Patrol Cutter.”

16. Ronald O’Rourke, “Coast Guard Cutter Procurement, October 31, 2012, p. 12.

17. Department of Homeland Security, Office of the Inspector General, “U.S. Coast Guard’s Acquisition of the Sentinel Class—Fast Response Cutter,” OIG-12-68, August 2012, http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-68_Aug12.pdf (accessed February 4, 2013).

18. Ronald O’Rourke, “Coast Guard Polar Icebreaker Modernization: Background and Issues for Congress,” Congressional Research Service Report for Congress RL34391, December 10, 2012, <http://www.fas.org/sgp/crs/weapons/RL34391.pdf> (accessed February 4, 2013).

19. Ibid.

Jones Act, or repealing the legislation.²⁰ Allowing the Coast Guard to lease commercial icebreakers would be an immediate, cost-effective solution to its lack of Arctic capability.

2. Strengthening Intelligence, Counterterrorism, and Information Sharing. After the terror attacks of September 11, 2001, the role of intelligence in terrorism operations shifted significantly from focusing on prosecuting terrorists to preventing potential attacks long before they come to fruition. As a result, intelligence has had to take on a more proactive role in the homeland security enterprise, emphasizing “early warnings,” identifying threats and vulnerabilities early on before they can be exploited by terrorists.²¹ Yet, in the broader counterterrorism and intelligence context, DHS remains a minor player in the interagency process. At one point after 9/11, there was even talk of relegating the department to a minor seat within the intelligence community.

Nearly 10 years after the department was created, DHS still finds itself in power struggles over leadership on these issues. Even the Intelligence Reform and Terrorism Prevention Act of 2004 neglected

DHS’s role in counterterrorism operations. That view is now reflected in DHS’s less-than-prominent role in the Terrorist Screening Center and the National Counterterrorism Center.²² Today, Homeland Security remains mostly a customer of the intelligence community with little ability to drive policy, protocol, or operations.²³ Similarly, DHS and the Department of Justice are still fighting over which department is the primary federal partner for state and local law enforcement on information sharing and intelligence.

In reality, the Justice Department has far more connections to the nation’s major law enforcement entities than does DHS. Before 9/11, the Federal Bureau of Investigation (FBI), which is part of the Justice Department, had created 32 major Joint Terrorism Task Forces (JTTFs), which bring together the FBI’s federal, state, and local intelligence and law enforcement partners to facilitate information sharing and collaborative efforts for investigating terrorism. Since then, the FBI has added 71 JTTFs throughout the country, bringing them to more than 103 cities nationwide.²⁴ The FBI also created Field Intelligence Groups (FIGs), one in each of the Bureau’s 56

field offices, which “perform intelligence functions through integrated teams of intelligence analysts, language analysts, physical surveillance specialists, and a dedicated number of special agents.” The FIGs “coordinate, manage, and execute all of the functions of the intelligence cycle in the field.”²⁵

After the department’s creation, DHS began investing in “fusion centers.” Intended to break down the barriers inhibiting information sharing between federal, state, and local authorities, DHS-led fusion centers serve as a repository for the collection, analysis, and dissemination of threat-related information. Smaller in number than the FBI’s JTTFs, 77 fusion centers currently exist throughout the U.S., varying in size, performance, and maturity.²⁶

In theory, the fusion centers and the FIGs would collaborate closely and share information and intelligence in the development process. Once those entities had created actionable intelligence, that information would be shared with the JTTF, which would open a case and investigate, leveraging the fusion centers and FIGs as the case developed for additional information and intelligence. In reality, geographic

20. James Jay Carafano and James Dean, “Breaking an Ice-Bound U.S. Policy: A Proposal for Operating in the Arctic,” Heritage Foundation *WebMemo* No. 3168, February 24, 2011, <http://www.heritage.org/research/reports/2011/02/breaking-an-ice-bound-us-policy-a-proposal-for-operating-in-the-arctic>.

21. Mark A. Sauter and James Jay Carafano, *A Complete Guide: Homeland Security* (New York: McGraw Hill, 2012).

22. Matt A. Mayer, James Jay Carafano, and Jessica Zuckerman, “Homeland Security 4.0: Overcoming Centralization, Complacency, and Politics,” Heritage Foundation *Special Report* No. 97, August 23, 2011, <http://www.heritage.org/research/reports/2011/08/homeland-security-4-0-overcoming-centralization-complacency-and-politics>.

23. James Jay Carafano, “Lay Off Homeland Security Department: Congress Designed DHS to Be Helpless,” Heritage Foundation *Commentary*, January 8, 2010, <http://www.heritage.org/research/commentary/2010/01/lay-off-homeland-security-department-congress-designed-dhs-to-be-helpless>.

24. Federal Bureau of Investigation, “Terrorism: Protecting America from Terrorist Attack—Our Joint Terrorism Task Forces,” http://www.fbi.gov/about-us/investigate/terrorism/terrorism_jtfts (accessed February 4, 2013).

25. Federal Bureau of Investigation, “Directorate of Intelligence: Field Intelligence Groups,” <http://www.fbi.gov/about-us/intelligence/field-intelligence-groups> (accessed February 4, 2013).

26. Michael P. Downing and Matt A. Mayer, “The Domestic Counterterrorism Enterprise: Time to Streamline,” Heritage Foundation *Issue Brief* No. 3748, October 3, 2012, <http://www.heritage.org/research/reports/2012/10/domestic-counterterrorism-enterprise-time-to-streamline>.

distances and personnel constraints have led to inefficiencies, duplication, and sometimes conflict.²⁷

Rather than continue this inter-agency conflict and squabbling, Washington needs to present a federal enterprise solution to state and local governments. The FBI's JTTFs are already more established and integrated into state and local communities throughout the country. In order to streamline and strengthen the federal homeland security intelligence and information-sharing mechanisms, DHS should drastically reduce the number of fusion centers throughout the U.S.

At the same time, DHS should work with its partners in the counterterrorism enterprise to establish a national domestic counterterrorism and intelligence framework that properly apportions roles and responsibilities among federal, state, and local governments based on their resources (such as, money, people, and experience).²⁸ All too often, state and local governments are expected merely to send information to the federal government, rather than participating as true players in the counterterrorism environment.

Yet, state and local law enforcement officers outnumber FBI agents by more than 70 to one, representing an important force multiplier for detecting threats early. This is

particularly important given the growing number of terrorist attacks originating on U.S. soil. Indeed, of the 54 publicly known thwarted terror attacks against the United States since 9/11, at least 44 could be considered home-grown terrorism.²⁹ This fact, coupled with the growing use of the cyber realm by terrorists, demands a more robust and decentralized intelligence-gathering and counterterrorism enterprise that reaches beyond the purview of the federal government and brings all of the nation's resources and players to bear.

3. Rethinking Aviation Security. The best way to prevent terrorists from exploiting or threatening the country's aviation infrastructure is to disrupt their networks and operations before plots are carried out. Effective U.S. intelligence and counterterrorism, therefore, are the first and most critical component of defense. In this respect, the most indispensable role for aviation security is to remain integrated with U.S. counterterrorism operations so that their security measures, oversight responsibilities, and capacity to act against threats are synchronized in the most effective manner.

The 9/11 hijackers had known affiliations to extremist groups, broke the law, committed fraud, lied

on visa applications, and had at least 68 contacts with State Department and Immigration and Customs Enforcement officials—and still managed to board planes undetected. This fact speaks to the need for close integration and cooperation of aviation security with the broader counterterrorism enterprise.³⁰

Certainly, the Transportation Security Administration (TSA) has made great strides in this regard since 9/11. In particular, the Secure Flight program has helped to ensure that passenger data is used to stop potential terrorists before they attempt to board an airplane. Before 9/11, passenger screening was conducted under a system known as the Computer Assisted Passenger Prescreening System (CAPPS). This system could only screen for security risks based on a passenger's form of payment and travel itinerary. Indeed, all of the 9/11 terrorists were screened under this limited system prior to boarding planes on the morning of the attack.

Recognizing these deficiencies, DHS announced the Secure Flight program in March 2009. Under this program, passenger data is checked against a federal database maintained by the FBI Terrorist Screening Center—a center that integrates all available information on known or suspected terrorists

27. Ibid.

28. The Heritage Foundation Counterterrorism Task Force, "A Counterterrorism Strategy for the 'Next Wave,'" Heritage Foundation *Special Report* No. 98, August 24, 2011, <http://www.heritage.org/research/reports/2011/08/a-counterterrorism-strategy-for-the-next-wave>.

29. James Jay Carafano, Steven P. Bucci, and Jessica Zuckerman, "Fifty Terror Plots Foiled Since 9/11: The Homegrown Threat and the Long War on Terrorism," Heritage Foundation *Background* No. 2682, April 25, 2012, <http://www.heritage.org/research/reports/2012/04/fifty-terror-plots-foiled-since-9-11-the-homegrown-threat-and-the-long-war-on-terrorism>; Steven P. Bucci and Jessica Zuckerman, "51st Terrorist Plot Against the United States: Continued Threat of al-Qaeda and Affiliates," Heritage Foundation *Issue Brief* No. 3598, May 8, 2012, <http://www.heritage.org/research/reports/2012/05/51st-bomb-terror-plot-proves-continued-threat-of-al-qaeda>; Jessica Zuckerman, "Chicago Bombing Attempt Marks 52 Terrorist Plots Since 9/11," Heritage Foundation *Issue Brief* No. 3731, September 7, 2012, <http://www.heritage.org/research/reports/2012/09/chicago-bombing-attempt-marks-52-terror-plots-since-9-11>; and Jessica Zuckerman, "Fifty-Third Terror Plot Foiled Since 9/11: Bombing Targets U.S. Financial Hub," Heritage Foundation *Issue Brief* No. 3758, October 17, 2012, <http://www.heritage.org/research/reports/2012/10/terror-plot-foiled-in-new-york-bombing-targets-us-financial-hub>.

30. James Jay Carafano, "Next Steps for Transportation Security," testimony before Subcommittee on Transportation Security, Committee on Homeland Security, U.S. House of Representatives, September 11, 2012, <http://www.heritage.org/research/testimony/2012/09/next-steps-for-transportation-security>.

into a central repository.³¹ With Secure Flight, the airlines are only charged with gathering basic information (full name, date of birth, and gender) when a passenger makes a reservation. The TSA itself, rather than industry or an outside entity, performs the actual checks, thereby allowing passenger data to be compared to classified watch lists, minimizing the impact on industry and diminishing civil liberty and privacy concerns.

As of November 2010, 100 percent of U.S.-bound passengers were screened through Secure Flight. Nevertheless, room remains for improvement. DHS should enhance the Secure Flight Program by ensuring that the FBI Terrorist Screening Center databases are up-to-date. Programs that link directly to the larger counterterrorism effort, such as the Secure Flight Initiative, must be a top TSA priority.

At the same time, DHS should expand other passenger prescreening programs, such as the TSA PreCheck. Currently operational at 26 airports throughout the United States, up from nine in early 2012, TSA PreCheck is a voluntary prescreening initiative in partnership with Customs and Border Protection

(CBP).³² By conducting risk assessments on program applicants, the TSA determines if a passenger presents a low security risk and is eligible for expedited screening, thereby allowing the TSA to divert resources to other, potentially high-risk passengers.³³

Already TSA PreCheck is applicable to U.S. citizens who are members of existing CBP Trusted Traveler programs including Global Entry, NEXUS, and SENTRI programs, as well as eligible airline frequent travelers. In November 2012, as part of the Beyond the Border program, the TSA announced that Canadian members of the NEXUS program traveling domestically in the U.S. would also be eligible for participation in TSA PreCheck. Building on these efforts, TSA should continue to expand the PreCheck program along with other efforts, such as the Security Partnership Program (SPP), which increase TSA's ability to focus resources on those passengers who pose a high security risk, rather than assuming every passenger is a potential terrorist.

With the passage of the Aviation and Transportation Security Act (ATSA) of 2001, Congress mandated that airports be given the

opportunity to "opt out" of the federalized security screening process, and instead employ private contractors under the oversight of TSA.³⁴ In accordance with ATSA, in 2004, the TSA created the SPP.

Despite the statutory requirements of ATSA, however, in January 2011, TSA Administrator John Pistole announced that the SPP would no longer be expanded to additional airports. To justify his decision, Pistole claimed that he did not see "any clear or substantial advantage to doing so at this time."³⁵ Yet, in 2011 the House Committee on Transportation and Infrastructure reported that U.S. taxpayers would save "\$1 billion over five years if the Nation's top 35 airports operated as efficiently as [San Francisco International Airport] does under the SPP model."³⁶ A 2007 independent assessment also found that "SPP airports' overall performance results are equal to or better than those delivered by non-SPP."³⁷ Further, by expanding the SPP program, the TSA could get out of the personnel business, devolving screening responsibility back to the airports, and shift toward setting aviation security policy and regulations.

31. Jena Baker McNeill, "Secure Flight Program Creates Safer Skies," Heritage Foundation *WebMemo* No. 2376, April 1, 2009, <http://www.heritage.org/research/reports/2009/04/secure-flight-program-creates-safer-skies>.
32. Transportation Security Administration, "TSA PreCheck: Location Chart," November 2012, http://www.tsa.gov/sites/default/files/assets/pdf/location_chart_11-28-2012.pdf (accessed December 10, 2012).
33. Jessica Zuckerman, "The 2013 Homeland Security Budget: Misplaced Priorities," Heritage Foundation *Backgrounder* No. 2664, March 23, 2012, <http://www.heritage.org/research/reports/2012/03/the-2013-homeland-security-budget-misplaced-priorities>.
34. The Aviation and Transportation Security Act, S. 1447, 107th Congress, November 20, 2001, <http://www.govtrack.us/congress/bills/107/s1447/text> (accessed February 4, 2013).
35. News release, "TSA Responds to Fourth Circuit Court Opinion on Challenges to Agency's Authority to Pat Down Passengers as Part of Security Screening," Transportation Security Administration, December 6, 2012, <http://www.tsa.gov/press/releases/2012/12/06/tsa-responds-fourth-circuit-court-opinion-challenges-agency-s-authority> (accessed February 4, 2013).
36. Committee on Transportation and Infrastructure, "TSA Ignores More Cost-Effective Screening Model," Oversight and Investigation Report, June 3, 2011, http://republicans.transportation.house.gov/Media/file/112th/Aviation/2011-06-03-TSA_SPP_Report.pdf (accessed December 10, 2012).
37. Government Accountability Office, Briefing Slides on Aviation Security, "Letter to Congress," January 9, 2009, <http://www.gao.gov/assets/100/95930.pdf> (accessed December 10, 2012).

Ultimately in February 2012, Members of Congress passed an amendment to the Federal Aviation Administration authorization act requiring that the TSA consider all applications to the SPP program. Since then, the TSA has begun to preliminarily approve new airports for admittance into the program.³⁸ This momentum should be continued alongside other efforts to manage the TSA workforce, including rethinking the decision to engage in limited collective bargaining with airline security screeners.

Finally, the TSA should make efficiency a priority and move further toward a true risk-based approach. This means not only evaluating risk, threat, and criticality, but adopting the most judicious means to reduce risk to an acceptable level at an acceptable cost. Such efforts should include promoting low-cost, high-utility programs like the Federal Flight Deck Officer Program, and cutting high-cost, low-utility programs like the Surface Transportation Security Inspection Program.³⁹

4. Refocusing FEMA on Truly Catastrophic Events. In the course of 16 years, the yearly average of Federal Emergency Management Agency (FEMA) declarations tripled from 43 under President George H. W. Bush to 89 under President Bill Clinton to 130 under President

George W. Bush. In his just over four years in office, President Barack Obama has issued 570 declarations, although only two hurricanes struck and no large-scale earthquakes hit America during that time. President Obama's yearly average of total FEMA declarations ("major," "emergency," "fire") stands at 147.

In 2011, President Obama issued 242 declarations—by far the most in FEMA history. The previous single-year record was President Clinton's 157 declarations in 1996.⁴⁰ President Obama's first term has set the record for the most major disaster declarations per year, an average of over 71 declarations per year.

The increase in disaster declarations is largely a result of the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (Stafford Act), the controlling federal statute for disasters. Under this act, the federal government pays 75 percent to 100 percent of disaster response bills as long as FEMA has issued a disaster declaration.

Meeting the requirements for such a declaration is relatively easy: The disaster in question must be "of such severity and magnitude that effective response is beyond the capabilities of the State and the affected local governments and that Federal assistance is necessary."⁴¹ The financial threshold is also low: "when a state's storm-related

damages reach \$1.29 per capita, [which] for several states ... is less than \$1 million in damages."⁴² The ambiguous provisions of the Stafford Act and low damages threshold create enormous incentives for governors to seek federal disaster declarations rather than shoulder most of the cost, especially during this time of tight state budgets.

The federalization of routine disasters requires FEMA to become involved with a new disaster somewhere in the United States every 2.5 days. This high operational tempo is affecting FEMA's overall preparedness because it keeps FEMA perpetually in a response mode, which leaves little time and few resources for catastrophic preparedness. With staffing levels and budgets only nominally above pre-1993 levels, it should be no surprise that FEMA is not prepared to handle a catastrophic disaster.

In a similar manner, states have learned to beg Washington for help whenever a natural disaster strikes, in the hope of receiving a FEMA disaster declaration and the accompanying money. This behavior began in 1993, when the yearly number of FEMA declarations first began to climb to record heights. Every increase in yearly declarations means that FEMA has federalized more natural disasters that the states would have previously handled and paid for on their own.

38. Jessica Zuckerman, "Sacramento Airport to Bid TSA Adieu," The Heritage Foundation, The Foundry, August 1, 2012, <http://blog.heritage.org/2012/08/01/sacramento-airport-to-bid-tsa-adieu/>.

39. Jessica Zuckerman, "Federal Flight Deck Officer Program: First Line of Deterrence, Last Line of Defense," Heritage Foundation *Issue Brief* No. 3544, March 20, 2012, <http://www.heritage.org/research/reports/2012/03/impact-of-cutting-the-budget-of-the-federal-flight-deck-officer-program>, and Carafano, "Next Steps for Transportation Security."

40. The Heritage Foundation, "FEMA Declarations by Year and by Presidential Administration," Infographic, October 31, 2012, <http://www.heritage.org/multimedia/infographic/2012/10/fema-declarations-by-year-and-by-presidential-administration>.

41. 42 U.S. Code § 5170.

42. Matt A. Mayer and Mark DeBosier, "Federalizing Disasters Weakens FEMA—and Hurts Americans Hit by Catastrophes," Heritage Foundation *Backgrounder* No. 2398, April 10, 2010, <http://www.heritage.org/Research/Reports/2010/04/Federalizing-Disasters-Weakens-FEMA-and-Hurts-Americans-Hit-by-Catastrophes>.

For example, in 2010, a tornado struck outside Toledo, Ohio, causing some deaths. Even though the tornado inflicted little physical damage outside that small geographic area, Governor Ted Strickland quickly asked FEMA for a disaster declaration to shift the costs to the federal government. Much to its credit, FEMA declined the request and the subsequent appeal because the total damage did not even meet FEMA's already low threshold.⁴³

Because FEMA has federalized so many routine natural occurrences, Ohio and other states have cut their budgets for public assistance believing that they could always obtain FEMA declarations and federal funding. Over the past 10 years, states have slashed their emergency response budgets.

State and local governments should be weaned from dependence on FEMA so that they can reassert their traditional role in responding to all but the most catastrophic disasters. With any federal response 48 hours to 72 hours away, state and local response capabilities are key to minimizing the loss of life and property. To be effective, state and local jurisdictions must not only build disaster-response capabilities, but also use them for the majority of disasters, large and small, that occur in America every year. This will allow FEMA to focus its finite time and resources on building catastrophic response capabilities.

Ultimately, FEMA spends too much time responding to routine natural disasters and not enough time preparing for catastrophic

natural disasters, such as hurricanes, earthquakes, and volcanic eruptions, which could have a national impact. This increases the likelihood that the federal response to the next catastrophic event will be insufficient. In order to reverse this trend, DHS should:

- **Overhaul existing FEMA processes and procedures under the Public Assistance Grant Program.** The Public Assistance Grant Program provides funding to state and local governments for disaster response, but its processes and procedures are not aligned with saving lives and property—the primary focus of catastrophic disaster response. FEMA should increase program staff and training, clearly define and simplify its six funding buckets, and change its project worksheets to ensure that costs and damages are accurately assessed on the front end and include complete statements of work and accurate cost estimates.

These changes will reduce the number of required FEMA deployments, lower the cost of responding to and recovering from minor events, improve service to its “customers,” and ultimately allow FEMA to become the world-class response and recovery administrative agency it was originally intended to be.⁴⁴

- **Make FEMA a 21st-century agency with 21st-century tools and technologies.** FEMA

systems have fallen behind in effective customer service. For example, while disaster victims can register by phone, by Internet, or in person at disaster relief centers, FEMA cannot merge all of the data in real time to prevent duplicate registrations. Many FEMA systems are also paper-based, meaning that information is entered into the system only after paper documents are received. This failure contributes to waste, fraud, and abuse by allowing situations in which, for instance, multiple checks are sent to the same household because of duplicate registrations. FEMA also has no way to track supplies during a disaster.

Seven years after its poor performance during Hurricane Katrina, FEMA still needs to put in place the basic inventory tracking systems that are used widely in the private sector. For FEMA to respond effectively to a catastrophic event, it must possess in-transit visibility of its supplies (such as water, ice, and food) so that it can efficiently move the supplies from the warehouse to the disaster relief center and monitor inventory levels to avoid shortages. Similarly, FEMA needs a registration system capable of detecting fraud at the onset and eliminating costly erroneous payments, which become virtually impossible to recoup.

- **Build a comprehensive national integrated planning**

43. Matt A. Mayer, “States: Stop Subsidizing FEMA Waste and Manage Your Own Local Disasters,” Heritage Foundation *Backgrounder* No. 2323, September 29, 2009, <http://www.heritage.org/Research/Reports/2009/09/States-Stop-Subsidizing-FEMA-Waste-and-Manage-Your-Own-Local-Disasters>, and Matt A. Mayer and James Jay Carafano, “FEMA and Federalism: Washington Is Moving in the Wrong Direction,” Heritage Foundation *Backgrounder* No. 2032, May 8, 2007, <http://www.heritage.org/Research/Reports/2007/05/FEMA-and-Federalism-Washington-Is-Moving-in-the-Wrong-Direction>.

44. Mayer and DeBosier, “Federalizing Disasters Weakens FEMA—and Hurts Americans Hit by Catastrophes.”

system with shared all-hazards response plans. Eleven years after 9/11, the federal government still lacks a comprehensive regime for planning and preparing for large-scale disasters. In part, this shortfall is the product of an inadequate interagency process, the means by which federal agencies organize and cooperate with one another and their partners in state and local government and the private sector.

Building a true national integrated planning system will require interagency coordination and an integrated planning and exercise effort among federal agencies, their partners in state and local government, and the private sector. Such a system requires three elements:

- A resource function that focuses on the assets, equipment, and personnel that a jurisdiction needs across the relevant capabilities;
- A training function that determines the jurisdiction's needs in relation to disciplines, asset requirements, and equipment training; and
- A capacity function that tests competencies through a robust and repeatable exercise program and that identifies capability gaps and provides feedback on how to close those gaps over time.

State and local governments are seeking such guidance, but encouraging the adoption of a system across the federal government has proved problematic. One key hurdle has been the disparate resources and needs across the interagency process. As the congressionally chartered Abbot-Keating Commission found in 2010, despite nine years of post-9/11 efforts to enhance national capabilities to respond to major disasters, “there is currently no comprehensive national integrated planning system to respond to either natural or man-made disasters.”⁴⁵ To make matters worse, federal, state, and local agencies are not even sharing what they are doing now. They are not, the report admonished, “making a sustained and comprehensive effort to share all-hazards response plans.”⁴⁶

- **Foster disaster response capacity and cooperation with partner nations.** The U.S. must be able to accept appropriate aid from foreign countries in the event of a catastrophe. The Department of Homeland Security should implement the GAO's post-Katrina recommendations for improving assessment of international aid. Some progress has been made in implementing the recommendations detailed in the GAO report, but some recommendations that remain highly relevant today have still not been implemented.⁴⁷ The U.S. should also consider hosting international disaster exercises in order to increase the ability of countries

friendly with the United States to accept aid from one another when disaster strikes.

For some critical infrastructure, the U.S. should promote establishing industry-led, multinational rapid-response capability that could respond worldwide. Further, this could provide an effective mechanism for sharing best practices and integrating responses. This capability should be funded and controlled by the private sector to respond to threats to shared international critical infrastructure, such as telecommunications and the Western Hemisphere electrical grid.

Furthermore, many potential U.S. partners in the Western Hemisphere, particularly small Caribbean island nations, have few large-scale platforms and lack the infrastructure to respond to major disasters. Energizing existing cooperative structures with Caribbean nations would strengthen their capacity to respond to crises, such as oil spills and other large-scale disasters. An effective instrument for building capacity could be modeled on the U.S. government's Millennium Challenge Account (MCA).

The MCA is an alternative mode of providing economic and development aid to developing countries. An MCA grant is provided only after a country meets a set of criteria, including adherence to basic

45. Advisory Panel on Department of Defense Capabilities for Support of Civil Authorities After Certain Incidents, “Before Disaster Strikes: Imperatives for Enhancing Defense Support of Civil Authorities,” September 15, 2010, p. 29, <http://www.rand.org/content/dam/rand/www/external/nsrd/DoD-CBRNE-Panel/Report-Advisory-Panel.pdf> (accessed December 10, 2012).

46. *Ibid.*, p. 37.

47. Government Accountability Office, “Hurricane Katrina: Comprehensive Policies and Procedures Are Needed to Ensure Appropriate Use of and Accountability for International Assistance,” GAO-06-460, April 2006, <http://www.gao.gov/new.items/d06460.pdf> (accessed February 4, 2013).

standards of human rights, good governance, fiscal responsibility, and commitment to the kinds of development projects that have a proven record of promoting economic growth. By requiring that a country demonstrate its commitment to freedom and economic development, the MCA greatly improves the likelihood that aid will not be squandered on wasteful projects or corruption. By emphasizing good governance and democratic norms, the MCA lessens the potential for aid to be used to prop up authoritarian regimes and increases the likelihood that it will fund programs that directly help people in need.

DHS should have expanded authority in providing international assistance and development. Along these lines, the U.S. should establish security assistance sales, lease, and grant programs that allow DHS to assist countries in obtaining equipment, support, and financing for homeland security functions. In particular, the Administration should work with Congress to redirect current foreign assistance programs to a “Security for Freedom Fund” to build capacity for security and catastrophic disaster response among cooperative nations in the Western Hemisphere. DHS should also establish a formal, integrated education and training program similar to the Pentagon’s International Military Education and Training program. This would include training in the United States, mobile training teams that deploy overseas, and support for international programs.

5. Driving Institutional Reform to Create Centralized

Management Authority. Critical to any maturation of the homeland security enterprise is an urgent need to reform the DHS management structure. DHS was created as, and remains, a weak institution with little effective central authority. Many have likened the headquarters functions to those of a “holding company” with seven subsidiary operating units—(1) Customs and Border Protection, (2) Citizenship and Immigration Services, (3) the Coast Guard, (4) FEMA, (5) Immigration and Customs Enforcement, (6) the Secret Service, and (7) the TSA. (One might add an eighth independent unit, the National Preparedness and Protection Division, which is increasingly assuming some operational responsibilities.) These units have functional independence from headquarters, leaving the Homeland Security Secretary with significant de jure responsibility but little practical de facto authority. Indeed, the Secretary is often unable to achieve effective change within the department, save through the force of personality. If the department (and the enterprise for which it is responsible) is to become a mature, functioning institution, that needs to change.

In practice this will require several steps. What follows is a non-inclusive list of managerial improvements that should be undertaken:

- The procurement and acquisition processes across the department should be standardized and centralized. At present, cross-cutting programs that have common requirements are not effectively required to develop and adopt common solutions. A more hierarchical procurement process that empowers the Chief Procurement Office would be able to drive a more unified approach.

- The Secretary needs greater budgetary control over the seven components, and the budget staff with which to exercise that greater authority. If “he who has the gold makes all the rules,” the Secretary’s systematic inability to manage the department’s budget and to make significant decisions to reprogram resources to more urgent needs is a critical flaw.
- All of DHS management should be located in a single campus. When the seven component heads meet with the Secretary they all come from seven different offices in seven different cars. Any possibility of synergy is severely impeded by this sort of structural impediment.
- Headquarters needs a stronger and more robustly staffed policy directorate with clear authority to develop intra-agency policy, resolve intra-agency disputes, and with the exclusive charter to represent the department in inter-agency discussions. The Policy Department should, in effect, be the Secretary and Deputy Secretary’s “SWAT Team” for driving systematic organizational change.
- The department needs to better link policy to planning, budget, and execution. This requires the development of homeland security doctrine, still lacking 10 years after the department began operation, and a headquarters-led program of Planning, Programming, Budgeting & Execution (PPBE). Most notably, more resources need to be put to the task; from strategic planning to program evaluation, the department

systematically under-invests in self-analysis and evaluation.

- Centralized service components, such as the General Counsel, the Office of Security, the Chief Financial Officer, and International Affairs, all need direct line authority over their respective component offices—not to the exclusion of control by the component head but as a way of ensuring that the headquarters directives are driven down into the components in a way that overcomes institutional resistance.
- More creatively, the department requires the capability to look beyond the horizon. DHS remains hard-wired to think about operational matters and all too rarely focuses on how the homeland security threat will mutate over time. In effect, DHS needs the equivalent of the Defense Department's Office of Net Assessment. Again, this requires spending money, and in the long run the effort will prove worthwhile.

It is sometimes said that, in terms of maturity, DHS is a “tweener”—at that uncomfortable age beyond childhood but still far from adult capabilities. That seems an accurate assessment. As an operational matter the department has increasingly mature capabilities, but lacks a centralized thoughtful coordination mechanism that can put those capabilities to use and, more importantly, redirect those capabilities.

The QHSR is, in the end, all about directional guidance for the department and the homeland security enterprise. It is intended to be the harbinger of a strategic

re-orientation when, and if, that re-orientation is thought necessary. But all the strategic rethinking in the world is of little use as long as the department lacks inherent hierarchical structures by which that rethinking can be implemented. DHS is, indeed, a “tweener”—and there it is likely to remain unless and until the managerial structure of the institution is reformed. That will require an effort of political will; existing status quo structures are comfortable and deeply embedded. Yet, in the absence of such an effort, the homeland security enterprise will be challenged to see true success.

Key Adjustments to DHS

As the Department of Homeland Security looks to complete its second Quadrennial Homeland Security Review, it should make several key adjustments in order to foster a more efficient and credible department. These reforms should include critical steps to:

- **Modernize the Coast Guard Fleet.** The USCG's aging fleet can no longer keep up with the increased mission-set of the service. Maintenance and repair is not enough to keep these assets operational. Instead, DHS should work with Congress to fully dedicate the resources needed to complete the development of the National Security Cutter, the Offshore Patrol Cutter, and the Fast Response Cutter fleet, and meet stated requirement levels. In order to continue to meet U.S. interests in the Arctic, the department should also lease commercial icebreakers, working with Congress to address the statutory restrictions contained in the Jones Act.

- **Streamline the domestic counterterrorism enterprise.**

For too long, DHS has not been considered a true player in the interagency process when it comes to intelligence and counterterrorism. So, too, despite representing an important force multiplier, state and local authorities continue to be denied a seat at the table. To address these issues, DHS should work with its partners to clarify and streamline the domestic counterterrorism framework in order to articulate how intelligence operations at all levels should function to combat terrorism. At the same time, DHS should also reduce the number of fusion centers throughout the U.S. in order to better focus resources within the enterprise.

- **Shift the focus of TSA away from the screening line.**

Protecting the aviation sector and the American public means stopping potential terrorists long before they reach the airport screening line. To do so requires not only enhancements to programs focused on risk-based security, such as the Secure Flight Program and TSA PreCheck, but also investments in low-cost, high-utility programs, such as the Federal Flight Deck Officer program. Greater effort should also be made to shift the TSA's mission and focus from providing on-the-ground airport security to making aviation security policy and regulations. Screening responsibility should be devolved back to the airport level through privatization under the Security Partnership Program.

- **Ensure that FEMA is prepared to respond to the next**

catastrophic disaster. FEMA is currently spending far too much time and resources responding to routine natural disasters, and this high operational tempo is affecting FEMA's overall preparedness. Reversing this trend of the over-federalization of disaster response and ensuring that FEMA is prepared to respond to the next truly catastrophic disaster, requires that DHS overhaul existing FEMA processes and procedures under the Public Assistance Grant program; ensure that FEMA become a 21st-century agency with 21st-century tools and technology; build a comprehensive national integrated planning system with shared all-hazard response plans; and better leverage the private sector and foreign aid.

- **Reform the DHS management structure.** Nearly 10 years after its establishment, DHS still lacks an effective central authority. DHS's seven operation units

remain functionally independent from headquarters, and the Secretary lacks sufficient practical and budgetary authority. Fostering a more mature and functional department requires that these issues be addressed, and multiple reforms be instituted, in order to put in place a centralized thoughtful coordination and management structure.

Getting the Department Right

While key challenges remain for the Department of Homeland Security, the answers lie not with a massive reorganization or the complete dismantling of DHS. Instead, addressing these challenges requires both setting the department's priorities and vision for the next four years and restoring DHS's credibility on Capitol Hill as a functional and capable department. The second iteration of the Quadrennial Homeland Security Review provides DHS the opportunity to do just that. The Secretary must now seize that opportunity.

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