

May 3, 2005

OVERVIEW OF THE ADMINISTRATION'S FY 2006 REQUEST FOR HOMELAND SECURITY

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The Bush Administration's fiscal year (FY) 2006 budget request includes \$49.9 billion for homeland security.¹ About \$27.3 billion of this request is allocated to the newly created Department of Homeland Security (the Department would also receive \$13.7 billion for non-homeland security missions, such as maritime safety). Another \$9.5 billion would be provided to the Department of Defense (DoD) for its homeland security-related programs and activities. The remaining \$13.1 billion would be divided between the Departments of Health and Human Services (\$4.4 billion), Justice (\$3.1 billion), Energy (\$1.7 billion), and some two dozen other departments and agencies. This *UPDATE* provides a brief overview of the FY 2006 request for homeland security. Among other things, this analysis finds that:

- The FY 2006 request for homeland security is \$1.4 billion above the level provided for FY 2005. It represents a 1 percent increase in real (inflation-adjusted) terms (all funding changes noted in this analysis are expressed in real terms).² Excluding funding for Project BioShield, for which Congress—in 2003—provided \$2.5 billion in FY 2005 advance appropriations, the administration's request amounts to a \$3.9 billion, 6.5 percent, increase.
- Under the administration's request, \$40.4 billion would be provided for non-DoD homeland security activities in FY 2006. This is about 1 percent less, than was approved for FY 2005. Excluding funding for

¹ The administration defines homeland security as “a concerted national effort to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and recover from attacks that do occur.” Office of Management and Budget (OMB), *2003 Report to Congress on Combating Terrorism* (September 2003), p. 3.

² For homeland security, overall, and for all non-DoD departments and agencies, OMB's composite deflator was used to estimate real change in funding levels. OMB, *Budget of the United States Government, Fiscal Year 2006, Historical Tables* (Washington, DC: US Government Printing Office, 2005), p. 185. For DoD, the Defense Department's own deflators were used.

Project BioShield, the request represents a 5.9 percent increase for non-DoD homeland security activities.³

- The FY 2006 request for homeland security is roughly one-ninth the size of the proposed budget for national defense. Few would suggest that the United States should spend as much money on homeland security as it does on defense, but some might question the relative balance between these two priorities reflected in the administration's budget request. On the other hand, power projection and other capabilities funded through the defense budget can also contribute significantly to countering foreign terrorist organizations and other threats to the US homeland.

FUNDING TRENDS

Federal funding for homeland security grew dramatically after the terrorist attacks of September 11, 2001. Under the administration's latest budget plan, overall funding for homeland security provided through, annual appropriations (i.e., excluding supplemental appropriations) would be \$32.8 billion, or 165 percent, higher in FY 2006 than it was in FY 2001. Moreover, even prior to the terrorist attacks of 9/11, funding for homeland security had been increased significantly. Between FY 1995 and FY 2001, funding for homeland security provided in annual appropriations bills was boosted by some 60 percent. In addition to this funding provided through regular, annual appropriations, about \$18.5 billion in additional funding has been provided for homeland security through various emergency supplemental appropriations enacted since the terrorist attacks of 9/11.⁴

MAJOR MISSION AREAS

The budget for homeland security can be broken down in a variety of different ways. One way the administration categorizes funding for homeland security is by "National Strategy Mission Area" (see Table 1).⁵ Two of these mission areas—Border and Transportation Security, and Protecting Critical Infrastructure and Key Assets—account for two-thirds of the budget for homeland security. In dollar terms, the largest increase included in the FY 2006 request is for Border and Transportation Security activities. In percentage terms, the largest increase is for the Intelligence and Warning mission area. Funding trends in the six main homeland security mission areas are described below.⁶

³ In terms of discretionary funding (i.e., excluding mandatory spending and user fees), the FY 2006 request includes \$1.5 billion, or 6.4 percent, less for non-DoD homeland security activities than was provided for FY 2005.

⁴ For a discussion of these various supplemental appropriations and how their funding was allocated, see Steven M. Kosiak, "Funding for Defense, Military Operations, Homeland Security, and Related Activities Since 9/11," CSBA, October 18, 2004.

⁵ OMB, *Budget of the United States Government, Fiscal Year 2006, Analytical Perspectives* (Washington, DC: US Government Printing Office, 2004) p. 37-52.

⁶ The FY 2006 request also includes a seventh, "other," category with \$105 million.

- **BORDER AND TRANSPORTATION SECURITY:** This mission area covers a broad range of activities related to preventing the illegal entry of persons and contraband into the United States and safeguarding the country's transportation system. Among other things, it includes inspections (e.g., for immigration, customs and agricultural compliance) and security at ports-of-entry into the United States, border patrols, maritime patrols along the US coast, and aviation security. About 94 percent of the funding for this mission area is provided to the Department of Homeland Security (DHS). For FY 2006, the administration is requesting \$19.3 billion for border and transportation security, making it the most costly mission area—accounting for 39 percent of the funding in the administration's FY 2006 request for homeland security. The request would provide a \$1.74 billion, or 7.8 percent, increase from the level provided in FY 2005. Of this amount, some \$400 million would be provided to help improve aviation security, and \$176 million to strengthen activities related to the detention and removal of illegal aliens.

- **PROTECTING CRITICAL INFRASTRUCTURE AND KEY ASSETS:** Funding in this area pays for a range of activities intended to protect critical elements of the country's infrastructure. The FY 2006 request includes a total of \$15.6 billion for this mission area, \$693 million, or 2.6 percent, more than was provided for in FY 2005. It accounts for about 31 percent of the funding included in the administration's request for homeland security. By far the largest portion of this funding (56 percent) is provided to DoD to help protect US military personnel and bases from terrorist attack. Under the request, DoD would receive \$8.7 billion for infrastructure protection. The FY 2006 request allocates \$2.8 billion to DHS for infrastructure protection (18 percent of the request for this mission area). This is about \$234 million above this year's level. DHS is responsible for cataloguing, prioritizing and directing improvements to a wide range of infrastructure elements, including the country's information infrastructure. The Department of Energy coordinates efforts to protect the country's energy supplies, as well as its nuclear weapons complex. Under the budget request, the Department of Energy would receive \$1.5 billion for infrastructure protection in FY 2006, accounting for about 9.5 percent of the funding in this mission area. The remaining \$2.6 billion included for infrastructure protection in the request would be allocated among a wide variety of other departments and agencies.

- **EMERGENCY PREPAREDNESS AND RESPONSE:** Federal activities designed to prepare for and mitigate the effects of terrorist attacks make up this mission area. The FY 2006 request includes \$6.1 billion for emergency preparedness and response. This is \$2.15 billion less than was provided for FY 2005. The mission area accounts for about 12 percent of the total request for homeland security. The reduction in funding projected for emergency response and preparedness activities reflects the way Project BioShield—an effort to encourage companies to develop countermeasures against new biological weapons—has

been financed. The administration proposed Project BioShield in 2003 and Congress provided a total of \$5.6 billion for the multiyear project. This included \$885 million appropriated for FY 2004 and \$2.5 billion in advance appropriations for FY 2005 (plus an additional \$2.2 billion in advance appropriations for FY 2009). Exclusive of Project BioShield, the FY 2006 budget request for emergency preparedness and response activities represents a \$357 million, or 4.1 percent, increase from this year's level. DHS accounts for \$2.7 billion (44 percent) of the funding requested for this mission area. DHS funding for FY 2006 consists primarily of grant assistance to state and local first responders (e.g., police, fire and rescue personnel). About \$2.3 billion (37 percent) of the funding included in the request for emergency preparedness and response activities is allocated to the Department of Health and Human Services. The Department of Health and Human Services is charged with maintaining the supply of vaccines and other countermeasures, and assisting local public health care providers with efforts to improve their response capabilities.

- **DOMESTIC COUNTERTERRORISM:** Funding in this mission area pays for various law enforcement-related efforts to identify, investigate and prosecute terrorists, and to prevent and disrupt terrorist operations directed against the United States. For FY 2006, the administration has requested \$4.5 billion for domestic counterterrorism activities (accounting for about 9 percent of the total request for homeland security). This is \$524 million, or 11.1 percent, more than was provided for this year. Most of the funding (53 percent) requested for this mission area is provided to the Department of Justice, primarily for the Federal Bureau of Investigation (FBI). Most of the remaining funding in the request (45 percent) is provided to DHS, largely to cover costs related to immigration and customs enforcement.

- **PROTECTING AGAINST CATASTROPHIC THREATS:** This mission area consists of efforts to research, develop and deploy technologies and medical measures (e.g., vaccines and antidotes) that will improve the country's ability to detect and counter the threat posed by chemical, biological, radiological, and nuclear (CBRN) weapons. These weapons (also referred to as weapons of mass destruction, or WMD) pose a special challenge because of the large number of casualties they are capable of inflicting, and the potential for such weapons to cause widespread panic, even if casualties can be kept relatively low.⁷ The FY 2006 request includes a total of \$3.9 billion for this mission area, \$499 million, or 12.5 percent, more than was provided for FY 2005. Efforts aimed at improving defenses against CBRN account for about 8 percent of the funding included in the administration's request for homeland security. Most of this funding (51 percent) is allocated to the Department of Health and Human Services for the development of

⁷ For a discussion of these threats, see Steven M. Kosiak, *Homeland Security, Terrorism and Weapons of Mass Destruction: A Diagnostic Assessment* (Washington, DC: CSBA, March 2004).

next-generation vaccines and therapeutics, as well as technologies capable of providing earlier detection and characterization CBRN attacks. The request includes \$1.2 billion for DHS, with most of this funding also directed toward the development of improved countermeasures.

- **INTELLIGENCE AND WARNING:** This mission area includes intelligence collection and analysis activities, as well as efforts to disseminate effectively information on terrorist threats to federal, state, local and private authorities. Most of the funding in this mission area is provided to the Departments of Homeland Security (65 percent) and Justice (21 percent). Under the administration's request, funding for Intelligence and Warning would increase by \$82 million, or 21.2 percent, between FY 2005 and FY 2006. While this is by far the largest increase projected for any of the Homeland Security mission areas, at \$432 million, funding for intelligence and warning activities would remain far below the levels provided in all but one of the other mission areas. On the other hand, this total does not include funding for most foreign intelligence activities, even though some of this intelligence is likely to inform homeland security activities.

Table 1: Homeland Security Funding by Mission Area (in millions of dollars) *

Mission	FY 2003	FY 2004	FY 2005	FY 2006 Request	Share of FY 2006 Request
Border and Transportation Security	17,030	15,932	17,550	19,286	39%
Protecting Critical Infrastructure	13,281	12,282	14,939	15,632	31%
Emergency Preparedness and Response	6,145	6,888	8,273	6,122	12%
Domestic Counterterrorism	3,032	3,392	3,945	4,469	9%
Defending Against Catastrophic Threats	2,629	2,975	3,399	3,898	8%
Intelligence and Warning	211	242	350	432	1%
Other	118	10	50	105	0%**
Total	42,446	41,719	48,506	49,943	100%

* Includes funding for Project BioShield and funding provided through supplemental appropriations.

**Rounds to less than one percent.

Source: CSBA based on OMB data.

THE BIG FIVE

Another way to break down federal funding for homeland security is by department and agency. Five departments account for \$46.0 billion, or 92 percent, of the \$49.9 billion requested by the administration for homeland security in FY 2006. This section provides a brief description of homeland security-related funding in the administration's request for these five departments (see Table 2).

- **HOMELAND SECURITY:** The administration's FY 2006 request includes \$41.1 billion for the DHS.⁸ As noted earlier, this includes \$27.3 billion for homeland security-related missions and \$13.7 billion for other activities, such as maritime safety and immigration services. Altogether, DHS accounts for 55 percent of the overall budget request for homeland security. Two mission areas—Border and Transportation Security, and Emergency Preparedness and Response—account for 77 percent of homeland security-related funding in the FY 2006 request for DHS.
- **DEFENSE:** The administration has proposed a defense budget of \$441.8 billion for FY 2006, including \$421.1 billion for DoD. Of this total, \$9.5 billion is for homeland security. Thus, DoD accounts for about 19 percent of the overall request for homeland security. Some 91 percent of this funding is allocated to infrastructure protection—specifically, protecting military bases, other facilities and personnel from terrorist attacks. DoD also provides some support for defending against catastrophic threats, as well as border enforcement and consequence management activities. DoD's FY 2006 request for homeland security-related missions represents a real increase of about 8.5 percent from the level provided for FY 2005. This is substantially greater than the 2.3 percent increase projected for DoD, overall, in the request.
- **HEALTH AND HUMAN SERVICES:** The proposed FY 2006 budget for homeland security activities includes about \$4.4 billion for the Department of Health and Human Services. Most of the Department's funding for homeland security is directed towards Defending Against Catastrophic Threats (e.g., developing new vaccines for biological weapons) and Emergency Preparedness and Response (e.g., maintaining vaccine stockpiles and assisting local health providers prepare for CBRN attacks). These two mission areas account for, respectively, 45 percent and 51 percent of the homeland security funding included in the Department of Health and Human Services' FY 2006 request. The request is \$177 million, or 2.2 percent, above the level provided for FY 2005.

⁸ This total includes \$8.2 billion in mandatory spending and user. OMB, *Budget of the United States, FY 2006, Analytical Perspectives*, p 49.

- **JUSTICE:** The Department of Justice's proposed FY 2006 budget for homeland security activities is about \$3.1 billion. This is \$426 million, or 13.6 percent, more than was provided for FY 2005. The FBI accounts for two-thirds of the Justice Department's homeland security funding, and most of the Department's projected increase for FY 2006. Most of this increase is directed towards improving the FBI's domestic counterterrorism capabilities. The next biggest share of the Justice Department's homeland security budget (12 percent) is allocated to the Bureau of Alcohol, Tobacco and Firearms' counterterrorism efforts.

- **ENERGY:** The administration's FY 2006 request includes \$1.7 billion for homeland security-related funding in the Department of Energy. This is \$104 million, or 4.6 percent, more than was provided this year. Protecting Critical Infrastructure and Key Assets—including nuclear weapons facilities and nuclear power plants, as well as natural gas, oil and other energy-related activities—accounts for 89 percent of the homeland security funding included in department's FY 2006 request.

Table 2: FY 2006 Request for Homeland Security, by Agency (in millions of dollars)

Department/Agency	Funding	Share
Homeland Security	27,333	55%
Defense	9,514	19%
Health and Human Services	4,407	9%
Justice	3,104	6%
Energy	1,666	3%
State	938	2%
Agriculture	704	1%
National Science Foundation	344	1%
Veterans Affairs	299	1%
NASA	205	0%*
Transportation	192	0%*
Social Security	178	0%*
Other	1,062	2%
Total	49,943	100%

* Rounds to less than one percent.

Source: OMB.

CONCLUSION

Estimating how much needs to be spent on homeland security in order to effectively protect the United States from terrorist attacks is an extremely difficult task—far beyond the scope of this brief overview of the

administration's funding request for FY 2006. Given the enormous challenges related to homeland security that the United States faces, it is possible that substantially more funding may be needed than has been proposed by the administration. For example, a 2003 report by a task force of the Council on Foreign Relations concluded that US funding for emergency responders (e.g., police, fire and rescue personnel) was roughly \$20 billion a year below the level needed to meet requirements.⁹ Similar shortfalls may exist in other areas of homeland security as well. Conversely, even if more funding is needed, it might be appropriate to allow the departments and agencies involved in the homeland security mission some time to absorb the large increases in funding enacted over the past several years. In some areas, there may also be significant limitations as to how much—realistically—providing additional funding can do to improve US homeland security.

Another important question—also beyond the scope of this *UPDATE*—is whether the administration's current defense plan strikes the proper balance between funding for homeland security and national defense. Altogether, the administration's FY 2006 request for homeland security is roughly one-ninth the size of its proposed budget for national defense. Few would suggest that the United States should spend as much money on homeland security as it does on national defense, but some might question the relative balance between these two priorities reflected in the administration's budget request. On the other hand, power projection and other capabilities funded through the defense budget can also contribute significantly to countering foreign terrorist organizations and other threats to the US homeland.

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⁹ Report of an Independent Task Force Sponsored by the Council on Foreign Relations (CFR), Warren B. Rudman, Chair, *Emergency Responders: Drastically Underfunded, Dangerously Unprepared* (New York, NY: CFR, 2003) p. 13.