

June 26, 2006

OVERVIEW OF THE ADMINISTRATION'S FY 2007 REQUEST FOR HOMELAND SECURITY

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The Bush Administration's fiscal year (FY) 2007 budget request includes \$58.3 billion for homeland security.¹ About \$27.8 billion of this request is allocated to the Department of Homeland Security (DHS). (DHS would also receive some \$15 billion for non-homeland security missions, such as maritime safety). Another \$16.7 billion would be provided to the Department of Defense (DoD) for its homeland security-related programs and activities. The remaining \$13.8 billion would be divided between the Departments of Health and Human Services (\$4.6 billion), Justice (\$3.3 billion), Energy (\$1.7 billion), and some two dozen other departments and agencies. This *UPDATE* provides a brief overview of the FY 2007 request for homeland security. Among other things, this analysis finds that:

- The FY 2007 request for homeland security is \$3.2 billion above the level provided for FY 2006. It represents a 3.6 percent increase in real (inflation-adjusted) terms (all funding changes noted in this analysis are expressed in real terms).²
- Under the administration's request, \$41.6 billion would be provided for non-DoD homeland security activities in FY 2007. This is 5.4 percent more than was approved for FY 2006.³

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 2007, Historical Tables* (Washington, DC: US Government Printing Office, 2006), p. 193. For DoD, the Defense Department's own deflators were used.

³ In terms of discretionary funding (i.e., excluding mandatory spending and user fees), the FY 2007 request includes \$1.1 billion, or 1.1 percent, more for non-DoD homeland security activities than was provided for FY 2006. Mandatory spending and user fees account for about \$8.5 billion of the total projected for homeland security in the FY 2007 request.

- The FY 2007 request for homeland security is roughly one-eighth the size of the proposed budget for national defense (exclusive of war costs). 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 some \$35 billion, or roughly 150 percent, higher in FY 2007 than it was in FY 2001.⁴ 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 \$24 billion in additional funding has been provided for homeland security through various emergency supplemental appropriations enacted since the terrorist attacks of 9/11.⁵

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).⁶ 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 2007 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.

- **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 93 percent of the funding for this mission area is provided to DHS. For FY 2007, the administration is requesting \$20.2 billion for border and transportation security, making it the most costly mission area—accounting for 35 percent of the funding in the administration's FY

⁴ Because of changes over time in how OMB classifies various programs and activities related to homeland security, it is not possible, based on publicly available data, to provide a precise estimate (either in dollar or percentage terms) of the growth in homeland security funding since 9/11. In the FY 2007 request, for example, OMB revised its accounting of both DoD and Coast Guard homeland security activities. Reflecting this revised accounting, OMB has adjusted its FY 2005 and FY 2006 estimates for DoD upward by \$7.5 billion and \$8.0 billion, respectively. Conversely, it has revised its estimates for Coast Guard homeland security activities in FY 2005 and FY 2006 downward by \$940 million and \$790 million, respectively. However, OMB has not released revised data for previous years.

⁵ 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, December 20, 2005.

⁶ OMB, *Budget of the United States Government, Fiscal Year 2007, Analytical Perspectives* (Washington, DC: US Government Printing Office, 2006) p. 19-34.

2007 request for homeland security. The request would provide a \$1.67 billion, or 6.7 percent, increase from the level provided in FY 2006. Of this amount, some \$74 million would be provided to help improve aviation screening operations, and \$71 million to upgrade the Federal Bureau of Investigation's (FBI's) Automated Fingerprint Identification System.

- **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 2007 request includes a total of \$18.4 billion for this mission area, \$499 million, or 0.6 percent, more than was provided for in FY 2006. 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 (62 percent) is provided to DoD to help protect US military personnel and bases from terrorist attack. Under the request, DoD would receive \$11.3 billion for infrastructure protection. The FY 2007 request allocates \$2.9 billion to DHS for infrastructure protection (16 percent of the request for this mission area). This is about \$220 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 2007, accounting for about 8 percent of the funding in this mission area. The remaining \$2.7 billion included for infrastructure protection in the request would be allocated among a wide variety of other departments and agencies.
- **DEFENDING 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 2007 request includes a total of \$8.9 billion for this mission area, \$242 million, or 0.6 percent, more than was provided for FY 2006. Efforts aimed at improving defenses against CBRN account for about 15 percent of the funding included in the administration's request for homeland security. Most of this funding (56 percent) is allocated to the Department of Defense to cover costs associated with researching chemical and biological threats, fielding early detection capabilities, and supporting US Northern Command, the military command responsible for homeland defense. Of the remaining funding, \$1.98 billion is directed to the Department of Health and Human Services for the development of next-generation vaccines and therapeutics, as well as technologies capable of providing earlier detection and characterization CBRN attacks. The request also includes \$1.34 billion for DHS, with most of this funding also directed toward the development of improved countermeasures.
- **EMERGENCY PREPAREDNESS AND RESPONSE:** Federal activities designed to prepare for and mitigate the effects of terrorist attacks make up this mission area. The FY 2007 request includes \$5.5 billion for emergency preparedness and response. This is \$535 million more than was provided for FY 2006. The mission area accounts for about 9 percent of the total request for homeland security. About \$2.4 billion (44 percent) of the funding included in the request for emergency preparedness and response activities is allocated to the Department of Health and

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

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. DHS accounts for \$2.1 billion (39 percent) of the funding requested for this mission area. DHS funding for FY 2007 consists primarily of grant assistance to state and local first responders (e.g., police, fire and rescue personnel).

- **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 2007, the administration has requested \$4.7 billion for domestic counterterrorism activities (accounting for about 8 percent of the total request for homeland security). This is \$96 million more than was provided for this year, but reflects a slight real decline (0.1 percent). Most of the funding (53 percent) requested for this mission area is provided to the Department of Justice, primarily for the FBI. Most of the remaining funding in the request (44 percent) is provided to DHS, largely to cover costs related to immigration and customs enforcement.
- **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 (61 percent) and Justice (26 percent). Under the administration's request, funding for Intelligence and Warning would increase by \$176 million, or 37.9 percent, between FY 2006 and FY 2007. While this is by far the largest increase projected for any of the Homeland Security mission areas, at \$604 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 2005**	FY 2006	FY 2007 Request	Share of FY 2007 Request
Border and Transportation Security	17,039	18,508	20,177	35%
Protecting Critical Infrastructure	18,685	17,852	18,351	31%
Defending Against Catastrophic Threats	8,289	8,640	8,882	15%
Emergency Preparedness and Response	5,745	4,940	5,475	9%
Domestic Counterterrorism	4,232	4,566	4,662	8%
Intelligence and Warning	350	429	604	1%
Other	44	112	132	0%***
Total	54,383	55,047	58,283	100%

* Includes funding provided through supplemental appropriations.

** Excludes \$2.5 billion in FY 2005 advance appropriations for Project BioShield provided in 2003.

***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 \$54.0 billion, or 92 percent, of the \$58.3 billion requested by the administration for homeland security in FY 2007. 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 2007 request includes \$42.7 billion for DHS.⁸ As noted earlier, this includes \$27.8 billion for homeland security-related missions and \$15 billion for other activities, such as maritime safety and immigration services. Altogether, DHS accounts for 48 percent of the overall budget request for homeland security. And one mission areas—Border and Transportation Security, and Emergency Preparedness and Response—accounts for 68 percent of homeland security-related funding in the FY 2007 request for DHS.
- **DEFENSE:** The administration has proposed a defense budget of \$463 billion for FY 2007, including \$441 billion for DoD (excluding funding for military operations). Of this total, \$16.7 billion is for homeland security. Thus, DoD accounts for about 29 percent of the overall request for homeland security. Some 68 percent of this funding is allocated to infrastructure protection—specifically, protecting military bases, other facilities and personnel from terrorist attacks. Most of the remaining (30 percent) is for defending against catastrophic threats. DoD's FY 2007 request for homeland security-related missions represents a slight (0.6 percent) real decline the level provided for FY 2006. By contrast, under the administration's plan DoD would receive an overall increase (exclusive of war costs) of about 3 percent in FY 2007.
- **HEALTH AND HUMAN SERVICES:** The proposed FY 2007 budget for homeland security activities includes about \$4.6 billion for the Department of Health and Human Services. Most of the Department's funding for homeland security is directed towards Emergency Preparedness and Response (e.g., maintaining vaccine stockpiles and assisting local health providers prepare for CBRN attacks) and Defending Against Catastrophic Threats (e.g., developing new vaccines for biological weapons). These two mission areas account for, respectively, 53 percent and 43 percent of the homeland security funding included in the Department of Health and Human Services' FY 2007 request. The request is \$264 million, or 3.9 percent, above the level provided for FY 2006.
- **JUSTICE:** The Department of Justice's proposed FY 2007 budget for homeland security activities is about \$3.3 billion. This is \$288 million, or 7.3 percent, more than was provided for FY 2006. The FBI accounts for some 60 percent of the Justice Department's homeland security funding, and most of the Department's projected increase for FY 2007. Most of this increase is directed towards improving the FBI's domestic counterterrorism capabilities.
- **ENERGY:** The administration's FY 2007 request includes \$1.7 billion for homeland security-related funding in the Department of Energy. This is \$6 million, or 2.5 percent, less 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 88 percent of the homeland security funding included in department's FY 2007 request.

⁸ This total includes \$7.3 billion in mandatory spending, user fees and trust funds. Department of Homeland Security, *Budget-in-Brief, FY 2007*, p. 5.

**Table 2: FY 2007 Request for Homeland Security, by Agency
(in millions of dollars)**

Department/Agency	Funding	Share
Homeland Security	27,777	48%
Defense	16,698	29%
Health and Human Services	4,563	8%
Justice	3,280	6%
Energy	1,700	3%
State	1,213	2%
Agriculture	650	1%
National Science Foundation	387	1%
Veterans Affairs	313	1%
Transportation	206	0%*
NASA	204	0%*
Social Security	184	0%*
Other	1,108	2%
Total	58,283	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 2007. 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. Conversely, in some areas, there may 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 2007 request for homeland security is roughly one-eighth the size of its proposed budget for national defense (exclusive of funding for military operations). 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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