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OFFICE OF MANAGEMENT AND BUDGET
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OMB Directs Homeland Security Agencies to Consolidate Redundant IT Spending
Better Integration Increases Security, Potentially Saving Taxpayers Millions

Washington D.C. – A new memo released today by the Office of Management and Budget (OMB) directs the component agencies of the proposed Department of Homeland Security (DHS) to consolidate redundant IT spending. Better integration of IT infrastructure would maximize homeland security by using available funds to deploy the highest quality technologies, while providing an opportunity to save taxpayers millions. A copy of the memo follows this release.

“The new department cannot protect Americans if its people cannot communicate with each other. It must have one communications system, not dozens, and it must be the best in the world,” said OMB Director Mitchell E. Daniels, Jr.,

According to the memo, spending by DHS component agencies on IT infrastructure will total at least \$360 million in FY02, and is projected to grow to at least \$780 million in FY03. In FY03 alone, four DHS component agencies plan to spend at least \$244 million on telecommunication-related investments, much of this on conflicting systems to deliver the same service. By preventing such duplication and standardizing the single best solution, DHS component agencies could save between \$100 million and \$200 million over the next two years, OMB’s initial analysis indicates.

To ensure that IT integration begins quickly, the memo asks that DHS component agencies:

- Cease temporarily all IT infrastructure system development and planned modernization efforts above \$500,000 pending an expedited review of all DHS component agencies’ investments.
- Identify any current or planned spending on IT infrastructure not included in Attachment A to the memo.
- Participate in the Homeland Security IT Investment Review Group led by the Office of Homeland Security (OHS) and OMB.

Comprising the Chief Information Officers from the Transportation Security Administration (TSA), Coast Guard, INS, Customs, FEMA, Treasury, State, and Justice, with leadership from OHS and OMB, the Homeland Security IT Investment Review Group will make recommendations for reducing costs across DHS. One of the first steps of this group is to review all task orders under the TSA’s Information Technology Managed Services Contract.

The memo asks DHS component agencies to perform a rapid but thorough review of their IT infrastructure. Upon receiving this information, the Homeland Security IT Investment Review Group will begin a review to identify redundant technology investments as well as investments that need to be integrated to enhance operations.

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MEMORANDUM FOR THE HEADS OF SELECTED DEPARTMENTS AND AGENCIES

FROM: Mitchell E. Daniels, Jr.

SUBJECT: Reducing Redundant IT Infrastructure Related to Homeland Security

In announcing his proposal for the Department of Homeland Security (DHS), the President stated that the Federal government's first priority was the protection and defense of the American people. Achieving true homeland security requires technology that guarantees real-time information sharing and improves decision-making. For example, a border patrol agent in Tijuana must be able to communicate with the Customs station in the port of New York and the Coast Guard base in Miami on a real-time basis. A world-class, unified IT infrastructure linking component agencies to the new Department is essential to accomplish these goals.

In view of these security challenges, the purpose of this memorandum is to advise selected heads of DHS component agencies that redundant homeland security IT infrastructure systems will be considered for consolidation or integration. Spending by DHS component agencies' on IT infrastructure will total at least \$360M in FY02 and is projected to grow to at least \$780M in FY03. Consolidating and integrating infrastructure presents significant opportunities for savings while providing the best investments for our homeland security mission. Therefore, agencies affected by the proposed DHS must:

- Cease temporarily all IT infrastructure system development and planned modernization efforts above \$500,000 pending an expedited review of all DHS component agencies' investments.
- Identify any current or planned spending on IT infrastructure not included in Attachment A to the memo.
- Participate in the Homeland Security IT Investment Review Group led by the Office of Homeland Security (OHS) and OMB.

If an agency has an emergency procurement that conflicts with this directive, it should contact its OMB representative and provide information for review consistent with OMB Circular A-11 before proceeding. OMB will expedite and complete these reviews within 24 hours.

The proposed Department will be most effective and strongest by combining the existing resources now available to DHS component agencies. Although the Congress has not approved the new Department, these steps are critical to advance the Federal government's overall homeland security mission in an efficient and cost-effective manner. They would improve mission performance under any circumstances.

Current and Planned Spending on IT Infrastructure

Clearly, an integrated and universal IT system would provide the best support for homeland security – including earlier detection and faster response to potential threats. For this reason, existing investments should be assessed for appropriate use prior to procuring new IT

infrastructure-related products and services. For example, the Transportation Security Administration (TSA) recently requested \$1B (including options) for a potential IT managed services contract. Consolidating these investments will better serve citizens and minimize government costs.

Pursuant to Section 5113 of the Clinger-Cohen Act of 1996, OMB is required to evaluate information resources management practices of the executive agencies with respect to IT investments. Attachment A to this memorandum provides an initial, though not exhaustive, list of current and planned IT infrastructure spending related to homeland security. With the exception of the information from TSA, the data in this table were provided to OMB from agencies through the FY03 budget process.

As these data show, DHS component and other agencies are in various stages of purchasing a number of systems that perform similar, even identical, functions. For example, in FY03 alone, four DHS component agencies plan to spend at least \$244M on telecommunication-related investments. System development spending and planned modernization efforts should not occur without prior review and leveraging of these existing resources. In addition, a preliminary analysis indicates that potential savings may be in the \$100M to \$200M range over the next two years.

Next Steps for Optimizing Homeland Security Investments

OMB, in conjunction with OHS, has begun working with DHS component agencies to manage potentially redundant investments by creating the Homeland Security IT Investment Review Group. This group comprises the Chief Information Officers from TSA, Coast Guard, INS, Customs, FEMA, Treasury, State, and Justice, with leadership from OHS and OMB. One of the first steps of this group is to review all task orders under TSA's Information Technology Managed Services Contract.

The group will make recommendations for reducing and avoiding costs across DHS, and will track resulting savings. The group will also rapidly but thoroughly review TSA's needs against existing investments. TSA already indicates that it will implement any potential procurement through a zero-dollar baseline, with work reviewed by the IT Investment Review Group.

To launch this effort, affected agencies must perform a rapid but thorough review of their IT infrastructure relative to existing systems. OMB staff will work with OHS to contact your agency for help in obtaining this information for submission no later than August 15th. Once this information is received, the Homeland Security IT Investment Review Group will begin review to identify redundant technology investments as well as investments that need to be integrated to enhance operations. Please take whatever steps are necessary to respond to this effort.

As discussed above and consistent with section 5113(b)(5)(B) of the Clinger Cohen Act, all IT infrastructure system development and planned modernization efforts above \$500K are stopped, pending a review of all DHS component agencies' investments (with exceptions noted above for emergency or urgent need). After these reviews have been completed, OMB will work with agencies on apportionment of development funds.

Thank you for your continued leadership and commitment to meeting the President's homeland security goals. Please have your staff contact Mark Forman at 202-395-1181, for any additional information relating to this memorandum.

Attachment

Attachment A

IT Infrastructure Spending by Proposed DHS Component Agencies¹

(in millions)

Agency	Project Name	FY02	FY03
FEMA	FEMA Switched Network	\$14.0	\$12.7
FEMA	National Warning System	\$1.5	\$2.5
FEMA	Desktop Services	\$7.6	\$7.6
FEMA	FEMA.gov Internet Project	\$1.1	\$1.2
FEMA	FEMA Enterprise GIS	\$1.2	\$4.8
FEMA	Admin. Management Systems	\$1.4	\$1.4
FEMA	Other Infrastructure Systems	\$55.0	\$60.0
FEMA	Disaster Response Telecommunications	\$16.1	\$16.1
INS	IT Infrastructure and the ATLAS Program (INS) 44/	\$0.0	\$157.5
INS	Hardware Maintenance Services (INS) 45/ (included with ATLAS)	\$0.0	\$0.0
INS	INS Integrated Network (INSINC) 46/ (included with ATLAS)	\$23.0	\$0.0
INS	Field Operations Support (INS) 56/	\$31.0	\$0.0
INS	End User Computing (INS) 69/	\$6.0	\$0.0
INS	Computer & Telecom Security (INS) 70/	\$4.0	\$0.0
INS	Web Hosting (Internet/Intranet)	\$2.0	\$2.0
INS	Technical Architecture Services (INS) 78/	\$15.8	\$17.3
USCG	USCGX152: Standard Workstation Infrastructure Recapitalization & Sustainment	\$35.5	\$42.5
USCG	USCGX105: National Distress & Response System Modernization Project	\$42.0	\$91.4
USCG	USCGX014: Coast Guard Data Network/Data Network Plus	\$16.8	\$16.8
USCG	USCGX006: Federal Telephone Service 2000 & FTS2001 Transition	\$7.1	\$7.1
USCG	USCGX029: Commercial Satellite Communications	\$2.5	\$12.6
USCG	USCGX106: Leased Network Services -- Defense InfoTelecom Certification Office	\$12.0	\$12.0
APHIS (USDA)	APHIS Information Technology Infrastructure (AITI)	\$16.0	\$23.0
APHIS (USDA)	APHIS Radio Management	\$0.0	\$0.0
USSS	Secret Service Mainframe Infrastructure	\$6.9	\$6.9
USSS	Secret Service LAN Infrastructure	\$1.3	\$1.3
USSS	Secret Service PC Infrastructure	\$3.0	\$3.0
USSS	Secret Service Enterprise Network	\$5.7	\$5.7
USSS	Information Security/Critical Infrastructure Protection	\$0.1	\$0.1
USSS	Secret Service Radio Program	\$6.1	\$6.1
USSS	Secret Service Telephone Program	\$10.6	\$10.6
USSS	Secret Service Pager Program	\$1.2	\$1.2
TSA	TSA Overall Telecomm and data center	--	\$180.0
TSA	TSA Network	--	\$21.0
CUSTOMS	Commercial Recovery Facility (CRF)	\$18.3	\$17.2
CUSTOMS	Customs Integrated Network	--	\$26.0
CUSTOMS	Customs Operating Systems Contracts	--	\$15.3
TOTAL		\$364.7	\$782.7

¹ Most of the information in this table came from agency's FY03 IT budget materials.

Addressees:

**Department of Agriculture
Department of Commerce
Department of Defense (National Communications System)
Department of Justice
Department of Transportation
Department of Treasury
Federal Emergency Management Agency**