

PRESIDENT BUSH'S FY 2008 BUDGET:

Ignores the Lessons Learned from Hurricane Katrina, Disregards the 9/11 Commission Recommendations, and Further Exposes the Nation's Vulnerabilities

February 8, 2007



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On February 5th, President Bush delivered the Fiscal Year 2008 Budget Request for the Department of Homeland Security that fails to reflect the dire lessons learned from Hurricane Katrina and the critical recommendations of the bipartisan 9/11 Commission. As a result, the Administration's proposals to decimate funding for key homeland security programs leaves this Nation vulnerable to the risk of another terrorist attack and grossly unprepared to respond to natural and man-made disasters.

This budget falls drastically short in several critical areas. It leaves glaring gaps in our Nation's border, port, mass transit, rail, aviation, cyber and critical infrastructure security. It cuts grant programs and does not ensure that first responders are properly trained and equipped. It fails to illustrate the need for strong privacy and civil liberties protections and does not address the appalling state of morale among the Department's employees. In short, the budget does not aggressively move the Nation forward in a way that promotes the necessity of protection, prevention, and preparation.

These cuts dismiss the fact that state and local governments are the Nation's "eyes and ears" in preparing for and responding to emergencies. If our first responders are not properly trained and outfitted to respond to an emergency – terrorism or otherwise – then the Nation's communities will suffer the shameful outcome visited upon the Gulf Coast. A budget that fails to make central the need for intergovernmental coordination and support compromises the Nation.

Unlearned Lessons, Ignored Recommendations, and Exposed Vulnerabilities

The following is a list of identified shortfalls in the Administration's FY 2008 budget for the Department of Homeland Security:

First Responders, State and Local Governments: **The Proposed Obliteration and Reduction of Key Programs Compromises the Nation's Preparedness and Response**

Local Law Enforcement Terrorism Prevention (LETPP)

The Administration's budget, as it did last year, neglects the needs of local law enforcement by once again zeroing out funding for the Local Law Enforcement Terrorism Prevention Program (LETPP), which plays a key role in assisting local law enforcement agencies in information sharing, target hardening, threat recognition and mapping, counter-terrorism and security planning, interoperable communications, and terrorist interdiction. The program was funded at \$375 million in FY 2007.

State Homeland Security Grant Program (SHSGP)

The Administration's budget includes a colossal 52% cut (\$275 million) for the State Homeland Security Grant Program (SHSGP), which provides grants to first responders in all fifty states and U.S. territories to help them prevent, prepare for, and respond to an act of terrorism or other emergency.

Assistance to Firefighters Grant Program (FIRE Grants)

The Administration's budget cuts funding for the Assistance to Firefighters Grant program (FIRE Act) nearly 50% from \$547 million in FY 2007 to \$300 million in FY 2008. This program has proven to be effective in providing local fire departments with the tools they need to perform their day-to-day duties, as well as enhancing their ability to respond to large disasters. The program annually receives in excess of \$2 billion in requests for equipment, apparatus, public education programs, health and safety programs and training programs to local fire departments. These cuts will further hamper local communities' ability to meet these needs.

SAFER Act Program

In addition, the Administration has proposed eliminating the SAFER program, despite clear evidence that additional firefighters are needed to adequately staff fire departments. SAFER was funded at \$115 million in FY 2007. The Council on Foreign Relations and the National Fire Protection Association have both reported that two-thirds of America's fire departments do not meet the consensus fire service standard for minimum safe staffing levels. This program is critical in addressing these shortfalls by providing grants to local fire departments to support hiring of career firefighters and programs for the recruiting and retaining of volunteer firefighters.

Training Programs

The Administration's budget cuts State and Local Training programs by \$123 million in FY 2008. Specifically, the budget slashes funding for the National Domestic Preparedness Consortium, which enhances the capacity of first responders to prevent, deter, and respond safely and effectively to incidents of terrorism involving weapons of mass destruction (WMD), by over 55% in FY 2008 – from \$88 million to \$38 million.

Urban Area Security Initiative (UASI)

The Administration's budget requests a slight increase of \$30 million to \$800 million in FY 2008 for the Urban Area Security Initiative (UASI) program, which addresses the unique planning, operations, equipment, training, and exercise needs of high-threat, high-density Urban Areas. Together with the budget's elimination of key programs aimed at protecting our firefighters and law enforcement personnel, this increase is less than it appears.

Metropolitan Medical Response System (MMRS)

The Administration's budget would eliminate MMRS, which was a \$33 million program in FY 2006. MMRS provides funds to more than 100 metropolitan medical systems to enhance and sustain their preparedness to respond to mass casualties from a disaster. Mass casualty events can be the result of incidents ranging from chemical, biological, radiological, nuclear, and explosive attacks to epidemic outbreaks, natural disasters, and large-scale hazardous materials events. Considering the threat posed by avian flu and the need to strengthen medical systems in response, particularly in urban areas with dense populations, the elimination of the MMRS program is incomprehensible.

Transportation , Maritime & Critical Infrastructure Protection:
Budget Gimmicks Masks Security Vulnerabilities

Aviation Security

The Administration's FY 2008 budget requests \$53 million for the Secure Flight Program which is an increase of \$37.6 million. This funding will continue development efforts for the program. The Secured Flight Program remains in the development stage despite the fact that it was established after the September 11th attacks. In addition, flaws in the testing of the Secure Flight Program continue to raise privacy and civil liberties concerns. Until the Secure Flight Program is fully functional, critical security gaps remain.

Also, the Administration's FY 2008 budget estimates an unrealistic \$35.1 million in fees collected through the Registered Traveler (RT) program. Currently, the RT program operates at only five airports (Indianapolis, Cincinnati, San Jose, Orlando, and two terminals at John F. Kennedy Airport in New York). While other airports have shown interest in the RT program, the Committee is skeptical that fees collected by TSA will generate this level of funding.

Surface Transportation Security (Mass Transit and Rail Security)

The proposed budget request for the Transportation Security Administration's surface transportation program is \$41.4 million – a mere 1% increase over last year's budget request. Millions of people who live in America's cities use these modes of transportation everyday. The Administration's proposal for an insignificant increase in mass and rail funding demonstrates the failure to prioritize this as a security issue or to learn from the mass transit and rail bombings of Madrid, London, and Mumbai.

Critical Transportation Infrastructure

The Administration's proposed budget for the Targeted Infrastructure Capability Grants Program (port, mass transit, bus, and trucking) is the same as the FY 2007 enacted levels. However, through budget trickery, the Administration proposes a decrease of \$3 million for trucking industry security grants. The dedicated funding stream is different from past budgets where the President attempted to lump all critical infrastructure sectors into one program – setting up the possibility that these infrastructures would have to compete against each other for limited funds. Also, the Administration's proposed budget for port security grants is still less than the \$400 million in the SAFE Port Act which was signed into law last Fall.

Port Security: United States Coast Guard

The Administration's FY 2008 budget request for the United States Coast Guard (Coast Guard) is \$8.726 billion, an increase of \$99.4 million over the enacted FY 2007 level. However, the Administration proposes a significant decrease of \$356 million for the Integrated Deepwater Systems program from the enacted FY 2007 level. Coast Guard assets are aging by the day and it is vital that these assets be replaced under the Deepwater program. It is also critically important that the Deepwater assets are structurally sound so as to avoid future expense to the American taxpayer. There are structural problems associated with the National Security Cutter, as noted in the

Department of Homeland Security Inspector General's Office recent report. Last Fall, the Coast Guard had to drydock the entire class of 123-foot cutters due to structural problems. The structural problems associated with these vessels will cost the American taxpayer additional money that could have been used elsewhere.

Transportation Security Administration (TSA)

The budget request for the Transportation Security Administration (TSA) provides for an initial increase of \$138,599,000 over the FY 2007 enacted amount. With respect to Transportation Security Support, the President's budget reduces this amount by \$768,000, which represents a cut in these services from FY 2007. Also, there is a \$3.5 million increase for canine programs to secure transportation such as rail and mass transit as well as cargo.

Border Security: Slight Increases Still Fail to Improve Security

Immigration and Customs Enforcement (ICE)

The Administration's budget requests \$31 million to add an additional 600 detention beds for FY 2008. Although this is a proposed increase in the budget, the questions are raised about how effective this funding will be to completely end the "catch and release" of undocumented immigrants.

Additionally, the Administration's budget proposes that 350 bed spaces be allotted to state and local agencies that assist Federal officials in the apprehension of undocumented persons pursuant to Section 287(g) program. However, given the increased interest of some states and localities – particularly along the Southern border – more funding is needed. The budget also fails to reflect the necessary increase in ICE supervisors needed to manage each 287(g) program.

On a related note, the Administration's budget would, for the fifth year in a row, eliminate funding for the State Criminal Alien Assistance Program (SCAAP). The SCAAP program was established to reimburse state and local governments for the incarceration of undocumented immigrants. Congress appropriated \$661 million for SCAAP in FY 2007.

Customs and Border Protection

The Administration's budget for the United States Customs and Border Protection (CBP) includes \$778 million to hire 3,000 additional agents, bringing the total number of agents by end of FY 2008 to 17,819. However, based on information to date, it seems unlikely that the agency will be able to recruit, hire, and train enough agents in FY 2008 to stay on track to meet the President's stated goal of doubling the Border Patrol.

United States Visitor and Immigrant Status Indicator Technology (US-VISIT)

The Administration's FY 2008 budget proposes an increase in funding of \$99.5 million for the US-VISIT Program. However, over a decade after passage of the US-VISIT requirement, the Department has yet to implement the exit portion of the program, and it remains unclear if or when that will happen.

Southwest Border Prosecutors Initiative

The Administration's budget includes no funding for the Southwest Border Prosecutors Initiative. This program provides funding for local prosecutor offices in the four States (California, Texas, Arizona and New Mexico) along the Southwest Border for the costs of processing, detaining, and prosecuting drug and other cases referred from federal arrests or federal investigations.

Emerging Threats, Cybersecurity, and Science & Technology: Lack of Specificity Could Further Compromise Security

Overall, the Committee is concerned about the proposed cut of \$49 million to the Science and Technology Directorate (S&T). Despite the significant reorganization at the S&T Directorate since the arrival of Under Secretary Jay Cohen in August 2006, several high value programs have been transitioned out of the Directorate. Unfortunately, the Administration's budget on its face does not offer any specific programmatic budget numbers, instead providing generalized numbers for broad issue areas.

Cybersecurity

Although, the Office of Cybersecurity and Communications in the National Protection Directorate will receive an increase in funding, there is concern about the President's lack of prioritization for cybersecurity research and development funding in the Science and Technology (S&T) Directorate. For example, the Command, Control and Interoperability Division – the new home for the cybersecurity research and development portfolio at the S&T Directorate – will rise this year from \$62.6 million in FY 2007 to \$63.6 million in FY 2008, a \$988,000 increase. Unfortunately, the Administration's budget offers no specific funding levels for any of the programs within this portfolio. There is deep concern about the budget for cybersecurity research and development, which received an increase in funding during FY 2007 but may be reduced in FY 2008. This would be disturbing given the release of several reports by the President's Information Technology Advisory Council (February 2005) and the Interagency Working Group on Cyber Security and Information Assurance (April 2006) calling for a higher investment in cybersecurity research and development within the federal government.

University Programs

The Administration's FY 2008 budget cuts the University Programs, from \$48.5 million in FY 2007 to \$38.7 million in FY 2008. These cuts come at an unfortunate time, given Under Secretary Cohen's plans to develop new Centers of Excellence to study border security, natural disasters and coastal infrastructure, and explosives.

Management & Oversight:
FY 2008 Budget Still Ignores the Systemic Challenges Identified by the Katrina Investigations, Inspector General's Office, and Government Accountability Office

Office of Inspector General

The Administration's proposed FY 2008 budget provides a mere \$14 million increase to the Office of Inspector General. This will allow the OIG to add just 6 people. This amount of funding is less than 10% of the amount needed to fill the vacuum in auditing and investigations of the Department created when the disaster assistance oversight shop was established. It is also troubling that nearly all (\$11 million) of the requested increase is money earmarked for disaster oversight that must be spent this year or will expire. As a result, the OIG will be racing against the clock to do their disaster oversight work.

Office of Privacy and Office of Civil Rights and Civil Liberties

The Administration's proposed FY 2008 budget, again, fails to reflect the need for increased resources to improve privacy and civil liberties protections at all levels of the Department. The proposed budget would fund only six new positions, of which four would be at the Office of Privacy and two at the Office of Civil Rights and Civil Liberties. In contrast, the Administration proposes to fund twelve additional personnel to the Department's Office of the General Counsel – the office likely responsible for defending the Department against allegations of privacy and civil liberties infractions.

Federal Law Enforcement Training Center (FLETC)

Serious concerns are raised by the Administration's FY 2008 budget proposal regarding the Federal Law Enforcement Training Center (FLETC). Although the proposed budget is approximately \$263 million – a 4% reduction in budget from FY 2007 due to infrastructure completions – it identifies a major programmatic shift that raises questions. Specifically, the proposed FLETC budget would transition into a “revolving fund” in FY 2009, thus having the effect of requiring each individual FLETC customer agency (83 USG customers currently) to pay FLETC directly for services rendered. The proposed revolving fund would essentially lessen FLETC to a standard of pay-for-play service typically offered by private contractors such as Blackwater – a key security firm that has significant *questionable* contracts in Iraq and elsewhere.

The Administration's budget also recommends that FLETC drop its “inherently governmental instructor” language from Appropriations language. The adoption of this policy would have the affect of requiring FLETC to contract their core instructor personnel (similar to Blackwater). If this policy is approved, the result could lead to the elimination of approximately 450 instructors from FLETC in favor of contractors. Currently, FLETC relies on annual appropriations to pay for the cost of tuition for attendees at its academies as well as for the development of infrastructure and additional programs.