



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 22, 2005

S. 21

Homeland Security Grant Enhancement Act of 2005

*As ordered reported by the Senate Committee on Homeland Security and
Governmental Affairs on April 13, 2005*

SUMMARY

S. 21 would authorize the Secretary of the Department of Homeland Security (DHS) to change the criteria used to distribute funding for three existing first-responder grant programs established after September 11, 2001—the State Homeland Security, the Law Enforcement Terrorism Prevention, and the Urban Area Security Initiative grant programs. Under the bill, these three grant programs would be governed by the provisions of a new initiative known as the Threat-Based Homeland Security Grant Program. In addition, this bill would authorize the appropriation of \$2.9 billion for first-responder grants for both 2006 and 2007, and such sums as are necessary for each subsequent year for first responder grants.

Assuming appropriation of the authorized and estimated amounts, CBO estimates that implementing the bill would cost about \$9.9 billion over the 2006-2010 period. Enacting S. 21 would not affect direct spending or revenues.

S. 21 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would provide several benefits to state, local, and tribal governments. Assuming the authorized amounts are fully appropriated, the bill would increase funding for existing aid programs while changing conditions for receiving those funds; any costs to state, local, or tribal governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 21 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
First-Responder Grant Program ^a					
Estimated Authorization Level	2,925	2,925	2,989	3,054	3,123
Estimated Outlays	293	1,375	2,282	2,931	2,962
Border Interoperability Demonstration Project					
Estimated Authorization Level	5	5	5	0	0
Estimated Outlays	1	3	5	4	2
Total Changes					
Estimated Authorization Level	2,930	2,930	2,994	3,054	3,123
Estimated Outlays	294	1,378	2,287	2,935	2,964

a. Under current law, such sums as necessary are authorized to be appropriated for 2006 and 2007 for first-responder grants.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 21 will be enacted near the start of fiscal year 2006 and that the specified and estimated amounts will be appropriated for each year. CBO estimates that implementing S. 21 would cost about \$9.9 billion over the 2006-2010 period.

Threat-Based Homeland Security Grant Program

The Office of Domestic Preparedness (within DHS) derives its primary authority to distribute grants to states and localities to prepare and respond to terrorism from the USA Patriot Act (Public Law 107-56). Almost \$9 billion has been appropriated for these first-responder grants since fiscal year 2003, including about \$2.7 billion in fiscal year 2005. That law authorizes the appropriation of such sums as necessary for first-responder grants through fiscal year 2007. S. 21 would replace this authorization of appropriations with a specific authorization level of just over \$2.9 billion annually in 2006 and 2007. The bill also would extend the authority for such grants after 2007 at whatever level is necessary. For this estimate, CBO assumes that the authorized amount will be appropriated for 2006 and 2007 and that the program will continue at that level with adjustments for anticipated inflation.

For this estimate, CBO assumes that states would need to update their State Homeland Security Plans for approval by DHS to reflect new grant requirements. After that update, we expect that spending under the bill would follow historical spending patterns for existing

state and local grant programs for emergency management activities. CBO estimates that implementing the Threat-Based Homeland Security grant program would cost about \$9.9 billion over the 2006-2010 period.

Demonstration Program

S. 21 would authorize the appropriation of such sums as are necessary over the 2006-2008 period for an International Border Community Interoperable Communications Demonstration Project. Under this provision, DHS would select six communities, at least three on the southern border and three on the northern border, to serve as demonstration projects to address issues concerning communications across the nation's borders. The Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-458) established the Office for Interoperability and Compatibility within DHS's Directorate of Science and Technology. For this estimate, we assume that this new office would manage the international demonstration project as well as a domestic interoperability program. Based on information from DHS, CBO estimates that \$5 million would be needed each year over the 2006-2008 period. Assuming appropriation of the necessary funds, CBO estimates that implementing this provision would cost \$15 million over the 2006-2010 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 21 contains no intergovernmental or private-sector mandates as defined in UMRA. Section 4 of the bill would deny entry of commercial motor vehicles carrying municipal solid waste into the United States unless the Bureau of Customs and Border Protection certifies to the Congress that the methodologies and technologies used to screen such vehicles for weapons are as effective as the screening of other commercial materials entering the United States. The Bureau of Customs and Border Protection indicates that such certification would be provided before the deadline specified in the bill. CBO believes, therefore, there would be no interruption of service, and thus no mandate.

The bill would make several changes to existing grant programs for state, local, and tribal governments. First, it would consolidate at least three current programs—the State Homeland Security Grant, the Law Enforcement Terrorism Prevention Program, and the Urban Area Security Initiative—and authorize the appropriation of almost \$15 billion over the 2006-2010 period. Second, it would change how those funds are allocated. While some states would receive less funding than in previous years and others would receive more, assuming authorized funds are fully appropriated, there would be a small increase in total funding, and each state would receive a minimum of 0.55 percent of available funds. This bill would allow certain metropolitan areas to apply for funds directly and would expand

eligible activities to include covering the costs of some overtime activities during heightened threat alerts and training activities.

The bill also would authorize DHS to transfer funds directly to the local recipients, reduce the portion of grants retained by the state, or impose additional restrictions if states fail to provide funds to local first responders in a timely manner. States would be required to provide 80 percent of the funds or resources to local recipients within 60 days of receipt. If states fail to comply with that requirement, funds would be allocated directly to local jurisdictions. Any costs to state, local, or tribal governments as a result of these changes to the grant programs would be incurred voluntarily.

State, local, and tribal governments would benefit from several other provisions of the bill that require DHS to create, with input from local first responders and trade representatives, essential capabilities and voluntary standards for equipment and training for first responders; a demonstration project for interoperable communication systems; and a Homeland Security Information Clearinghouse.

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