

Homeland security: who pays?

States face an uphill battle in funding homeland security measures

BY CHAD S. FOSTER

As many states face tight or shrinking budgets, they find themselves struggling to meet new responsibilities for ensuring homeland security. Throughout the past year, securing the homeland has become an increasingly difficult challenge. Slow federal action and lack of internal resources are keeping the states from making bold moves toward homeland security preparedness.

President Bush's *National Strategy for Homeland Security*, released in July, details many of the roles and responsibilities of the federal, state and local govern-

ments and private-sector partners. But it falls short of spelling out current and future funding sources, avenues and mandates. Without clear financial support and

guidance from the federal government, state and local leaders are wrestling with complicated issues as they attempt to fund necessary homeland security measures.



Prescription for homeland security policy

A recent report by The Brookings Institution, *Protecting the American Homeland*, prescribes one possible funding policy for the nation.

The authors envision a policy with built-in flexibility to change with new threats and risks. Such a policy should be initiated with many potential courses of action so that lessons can be learned and implemented in a timely manner. The report suggests some guiding principles for financing homeland security:

Private sector

- Some government action is necessary in order to provide appropriate protection against terrorist attacks on private property in the United

States. This action should take the form of performance-oriented mandates on the private sector, coupled with insurance requirements or incentives, rather than direct subsidies or tax incentives.

- The various users, providers and owners of the property or activity should generally pay for the costs associated with the additional security. This approach ensures that security measures are not gold-plated and promotes innovation in homeland security preparedness.

Public sector

- The federal government should finance specific homeland security

activities and measures. But state and local governments should finance antiterrorism activities that provide collateral benefits beyond homeland security preparedness. For example, the federal government should support the equipment needs of local and state law enforcement but should not support an increase in the number of law enforcement personnel. Such an increase in manpower would likely decrease other crimes, a residual benefit for society.

For more information, please visit <http://www.brook.edu/dybdocroot/fp/projects/homeland/homeland.htm>.

New responsibilities, costs

After the September 11, 2001 terrorist attacks, states immediately began to assess their threats and vulnerabilities and to formulate long- and short-term strategies and plans. Many states quickly realized that:

- they lacked manpower, equipment and training for all first responders;
- their public health communities and abilities to respond to terrorist acts involving biological agents were insufficient; and
- they lacked adequate protection for public and private sector infrastructures, and communication gaps prevented cooperation and collaboration between these entities and state and local leaders.

The plans to address these and many other shortcomings created significant new costs for the states. Before September 11, most states did not have a line item in their budget for homeland security. Now, they face new line items with the potential for substantial spending.

Who should fund homeland security?

More than a year after the September 11 attacks, there are still more questions than answers when it comes to funding homeland security efforts. Should the federal government take a lead role? Should it simply give state and local enti-

ties funds to use as they deem necessary, or should it provide funding for specific and mandated reasons?

Should the federal government mandate states to match grants, or should there be “no strings attached? What type of funding policy should the nation use, and what type of policy is it currently using?

Many people believe that the federal government should take a lead role in funding homeland security. They argue that although state and local governments must shoulder a great portion of responsibility for protecting residents, they simply do not have the resources to provide upfront costs to fix the high-priority security measures.

Studies soon after the September 11 attacks showed that the states alone were expected to spend roughly \$6 billion the first year to address homeland security needs. Data showing actual expenditures by states on all facets of homeland security is currently not available. It is safe to assume, however, that federal and state funding during the first year fell far short of the expected \$6 billion.

Consequently, states face the dilemma of trying to meet urgent homeland security needs with inadequate resources. Federal grant funds are making their way to the states at a much slower pace than was first expected. By waiting on federal grants for first responders and other high-priority needs, states are accepting high

levels of risk, thus temporarily sacrificing preparedness.

Furthermore, states have many high-priority needs that the federal government will not fund. For example, some states have created new positions and offices for homeland security.

In addition to slow federal funding streams, a lack of state resources complicates the homeland security puzzle. Many states were already facing tight budgets or budget shortfalls before the September 11 attacks. Now they have a new line item in their budget that requires hefty upfront costs.

As budget forecasts continue to worsen in many states, policy-makers find themselves facing difficult choices. They not only face the question of whether to wait for federal funds or try to self-fund high-priority needs; they also face the thorny dilemma of where to find additional state money. Should they cut budgets of other departments or programs? Should they use state reserves or rainy-day funds? Or should they raise taxes?

Some states have already made difficult policy decisions. In 2002, for example, Pennsylvania increased taxes on its gaming commission to fund first responders and homeland security initiatives. Similarly, Minnesota increased the surcharge on phone use in the name of homeland security.

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Federal funds for homeland security

The federal government has agreed to fund specific homeland security measures. The president's FY 2002 budget provided states with \$1.1 billion for public health grants and bioterrorism preparedness. Approved in January 2002, the purposes of these funds included:

- developing comprehensive bioterrorism preparedness plans;
- upgrading infectious disease surveillance and investigation;
- enhancing the readiness of hospital systems to deal with large numbers of casualties;
- expanding public health laboratory and communications capacities; and
- improving connectivity between hospitals and state, city and local health departments to enhance disease reporting.

The president also signed a FY 2002 supplemental appropriations bill in August that funds the following programs:

- \$100 million for state and local all-hazards emergency operations planning;
- \$56 million for state and local emergency operations centers;
- \$25 million for Citizen Corps development, including funds for Citizen Corps Councils and for Community

Emergency Response Team training. The president proposed \$3.5 billion in FY 2003 appropriations to assist states, but as of late November, Congress had not approved the appropriations bill. President Bush's proposal included:

- \$940 million for upgrading state and local labs so that they can quickly identify dangerous agents;
- \$367 million for emergency management planning and assistance;
- \$450 million for firefighter grants; and
- \$135 million for an Army National Guard communications system program.

Lawmakers learn about the compact

The Council of State Governments and the federal Office of Juvenile Justice and Delinquency Prevention hosted a legislative briefing on The Interstate Compact for Juveniles in December 2002 in Scottsdale, Arizona. This national gathering provided key state policy-makers the opportunity to:

- obtain valuable information on the proposed legislative language;
- learn about a host of issues from juvenile justice practitioners, corrections officials, court administrators, law enforcement officials and victims advocates;
- meet with legislators and legisla-

tive staff involved in the passage of other compacts; and

- Ask questions regarding adoption of this important legislation in their states.

For more information, please visit <http://www.csg.org> and follow the hyperlinks for "Policy," "Public Safety and Justice," and "The Interstate Compact for Juveniles." Information is available online regarding the legislative briefing, the current status of the compact in the states, revised compact language, an educational video and other resources. For additional information, contact Chad S. Foster at (859) 244-8032 or cfoster@csg.org.

twice in 2000-2001 to review and analyze information from the OJJDP survey and to develop strategies and recommendations to improve the compact.

The second phase in the revision process involved developing and facilitating a Drafting Team during the fall of 2001. Like the Advisory Group, the Drafting Team consisted of 15 policy experts from across the states who reviewed the recommendations made by the Advisory Group and translated those recommendations into specific compact language.

The final stage in revising the compact was the dissemination of the draft Interstate Compact for Juveniles to state officials and other interested stakeholder groups for review and comment. The draft

was circulated in April and May of 2002 and final review was completed in June.

Solutions for the future

The revised compact will address many deficiencies within the current juvenile compact system, including enforcement, administration, finances, communications, data sharing and training. The new compact will provide for:

- the establishment of an independent compact-operating authority to administer ongoing compact activity, including a provision for staff support;
- a national governing commission, with representatives from all member states appointed by the governors.

The commission will meet annually to elect the leaders and committee members and to attend to general business and rule-making procedures;

- a rule-making authority and a provision for significant sanctions to support essential compact operations;
- a mandatory funding mechanism sufficient to support essential compact operations, such as staffing, data collection, training and education;
- the collection of standardized information and information-sharing systems; and
- the coordination and cooperation with other interstate compacts, including the Interstate Compact for Adult Offender Supervision and Interstate Compact for the Placement of Children.

In summary, The Interstate Compact for Juveniles will provide the framework for promoting public safety, ensuring the welfare of juveniles, and protecting victims within the states through enhanced control and a better structure for the interstate movement of juveniles.

"The bottom line is that all juveniles are worth being redeemed, no matter what they may have done," White said. "I think that if you handle the problem as a juvenile and you can handle it effectively state to state, they will not end up in the adult system. This gives the juvenile a chance, more adequately protects the community and in the end, saves states money." ★

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What can states do?

One way or another, states will face difficult homeland security decisions this year. A timely decision and turnaround on federal funds will surely assist the states in focusing their efforts, time and resources on internal needs. Regardless of federal policy, states can take several measures to help prepare for these upcoming decisions:

- share and study other state practices and innovative funding solutions for homeland security;
- collaborate with other states and regions to create mutually beneficial solutions;
- increase collaboration with federal, local and private partners;
- use higher education institutions within the state to assist in research and development, self assessments and other homeland security needs; and
- explore all potential money-making and cost-saving options at the state

and local levels. Methods for raising revenue might include increasing or imposing new taxes, surcharges or fees. Options for realizing cost savings might include cross-border resource sharing.

Unfortunately, there is a price tag for preparedness. Funding homeland security will likely challenge all the states in the year to come. ★

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