



NAVAL POSTGRADUATE SCHOOL

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THESIS

**PROTECTING DHS COMPONENT PRE-9/11
FUNCTIONS: IMPROVING VISIBILITY IN BUDGET
EXHIBITS**

by

Serena J. Dietrich

September 2015

Thesis Advisor:
Second Reader:

Lauren Wollman
Morgan Geiger

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VISIBILITY IN BUDGET EXHIBITS**

Serena J. Dietrich
Strategic Resource Planning Branch Chief, U.S. Coast Guard Pacific Area
B.S., U.S. Coast Guard Academy, 1986
MBA, John F. Kennedy University, 2012

Submitted in partial fulfillment of the
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**NAVAL POSTGRADUATE SCHOOL
September 2015**

Approved by: Lauren Wollman, Ph.D.
Thesis Advisor

Morgan Geiger
Second Reader

Mohammed M. Hafez, Ph.D.
Chair, Department of National Security Affairs

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ABSTRACT

When the Department of Homeland Security (DHS) was formed in 2003, 22 distinct agencies and directorates were consolidated into one organization. The Homeland Security Act of 2002, which mandated DHS' creation, also required that functions performed by other agencies within the Department—those not related directly to securing the homeland—*not* be diminished or neglected. DHS has been challenged to produce annual budgets that clearly delineate homeland security and non-homeland security functions, making it difficult to assess whether legacy functions have been diminished. This thesis utilized a policy analysis research method to review budget exhibits from fiscal years 2004–2013 in order to analyze funding levels for DHS components' specific legacy functions. Findings revealed that some functions have received decreased funding without a commensurate reduction in demand for that service. The need to unequivocally define which DHS activities are considered “homeland security-related” emerged as a recurring theme in the research as well. Using a multi-goal policy approach, the study assessed potential courses of action and ultimately makes two recommendations: to pursue a pilot test of modified budget submission requirements for a limited number of DHS components, and to benchmark business processes followed by the Departments of Interior and Commerce.

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TABLE OF CONTENTS

I.	INTRODUCTION: IT'S ALL ABOUT THE MONEY	1
A.	PROBLEM STATEMENT	2
B.	LIMITATIONS	5
C.	RESEARCH QUESTIONS AND SIGNIFICANCE	6
D.	RESEARCH DESIGN	7
E.	CHAPTER OVERVIEW	11
II.	LITERATURE REVIEW	13
III.	BUDGET DATA DISCUSSION	21
A.	ORGANIZATIONAL CONTEXT	21
B.	MISSION CONTEXT	22
C.	DHS COMPONENTS	26
1.	FEMA	27
2.	Federal Law Enforcement Training Center	31
3.	U.S. Citizenship and Immigration Services	34
4.	Customs and Border Protection	36
5.	U.S. Coast Guard	40
6.	U.S. Secret Service	43
D.	NON-DHS SAMPLES	47
1.	Department of the Interior	47
2.	Department of Commerce	50
IV.	ANALYSIS AND POLICY RECOMMENDATIONS	53
A.	DATA ANALYSIS	53
B.	POLICY ALTERNATIVES	54
C.	ESTABLISHING GOALS	57
D.	ESTABLISHING EVALUATIVE CRITERIA	57
E.	WEIGHTING THE EVALUATIVE CRITERIA	59
F.	SCORING AND PROJECTING OUTCOMES	61
G.	SELECTION OF RECOMMENDED ALTERNATIVE	65
H.	ADOPTION OF POLICY RECOMMENDATIONS	66
I.	IMPLEMENTATION	67
V.	FINDINGS, RECOMMENDATIONS, AND CONCLUSION	73
A.	FINDINGS	73
B.	CONCLUSION	76

APPENDIX. DHS COMPONENT BUDGET EXCERPTS	77
A. EVOLVING DEFINITION OF “HOMELAND SECURITY”	
ACTIVITIES IN THE DHS BUDGETS-IN-BRIEF.	77
B. SAMPLE BUDGET EXHIBITS.....	78
1. FEMA.....	79
2. USCIS.....	82
3. USCG	84
LIST OF REFERENCES	87
INITIAL DISTRIBUTION LIST	93

LIST OF FIGURES

Figure 1.	Responsibilities of DHS Component Agencies	22
Figure 2.	FEMA Workers Assist Following Disasters	28
Figure 3.	FLETC Campus and Shooting Range	32
Figure 4.	USCIS Facility and Clients	35
Figure 5.	Customs and Border Protection Activities	37
Figure 6.	Increase in U.S. Import of Bulk Products	39
Figure 7.	Coast Guard Cutter and Boat	40
Figure 8.	USSS' Dual Missions: Personnel and Currency Protection	44
Figure 9.	Varied Responsibilities for the Department of the Interior	48
Figure 10.	Varied Responsibilities for the Department of Commerce	51

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LIST OF TABLES

Table 1.	FEMA Budget Growth since 9/11	29
Table 2.	EFS Funding Levels, 2004–2015.....	30
Table 3.	CBP Budget Growth, 2003–2014	37
Table 4.	Coast Guard Budget Growth, 2004–2014.....	41
Table 5.	Coast Guard ATON and LMR Funding, 2004–2013.....	41
Table 6.	USSS Budget Growth, 2004–2014	45
Table 7.	DHS Component Funding Policy Alternatives.....	62
Table 8.	FY2004 FEMA Request: Seven Funding Accounts	80
Table 9.	FY2016 FEMA Request	81
Table 10.	FY2004 USCIS Request	82
Table 11.	FY2016 USCIS Request	83
Table 12.	FY2004 Coast Guard Request	84
Table 13.	FY2016 Coast Guard Request	85

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LIST OF ACRONYMS AND ABBREVIATIONS

ASA	Assistant Secretary for Administration
ATON	Aids to Navigation
BIB	Budget-in-Brief
CBP	Customs and Border Protection
CFO	Chief Financial Officer
COA	Course of Action
CRS	Congressional Research Service
DHS	Department of Homeland Security
DNDO	Domestic Nuclear Detection Office
DOC	Department of Commerce
DOE	Department of Energy
DOI	Department of Interior
EFS	Emergency Food and Shelter
FEMA	Federal Emergency Management Agency
FLETC	Federal Law Enforcement Training Center
FY	Fiscal Year
GAO	Government Accountability Office
GPS	Global Positioning System
HLS	Homeland Security
HUD	Department of Housing and Urban Development
LMR	Living Marine Resources
ICE	Immigrations and Customs Enforcement
M&A	Management and Administration
NOAA	National Oceanic and Atmospheric Administration
non-HLS	non-Homeland Security
OIG	Office of Inspector General
OMB	Office of Management and Budget
QHSR	Quadrennial Homeland Security Review
SAR	Search and Rescue
SAVE	Systematic Alien Verification for Entitlements

S&T	Science and Technology
TSA	Transportation Security Administration
USCG	United States Coast Guard
USDA	United States Department of Agriculture
USCIS	United States Citizen and Immigration Service
USSS	United States Secret Service

EXECUTIVE SUMMARY

When the Department of Homeland Security (DHS) was formed in 2003, 22 distinct agencies and directorates were consolidated into one organization. The Homeland Security Act of 2002, which mandated DHS' creation, also required that functions performed by other agencies within the department—those not related directly to securing the homeland—*not* be diminished or neglected, except by a specific act of Congress. DHS has been challenged to produce annual budgets that clearly delineate homeland security and non-homeland security functions, making it difficult to assess whether legacy functions have been diminished. In order to appropriately focus the analysis, this research examined the annual budgets of the DHS components with the highest number of legacy non-homeland security functions, including the Federal Emergency Management Agency (FEMA), the Federal Law Enforcement Training Center, the U.S. Citizenship and Immigration Service (USCIS), U.S. Customs and Border Protection, the U.S. Coast Guard, and the U.S. Secret Service.

A review of existing literature primarily focused on DHS and component annual budgets from fiscal years 2003–2014 as well as guidance documents and analyses by various government entities, such as the Government Accountability Office (GAO) and the Congressional Research Service (CRS). Student theses and academic reports were also reviewed, as were transcripts of interviews with key DHS officials, and news and journal articles by government watchdogs and investigative reporters. Research material from the years immediately following DHS' formation included more on the “nuts and bolts” of budgeting than on sophisticated organizational aspects, such as measures of effectiveness and applying strategic intent to budget requests and allocations; the latter category, however, took center stage as DHS passed the five-year mark.

This thesis utilized a policy analysis research method to review budget exhibits from fiscal years 2004–2013 and analyze funding levels for specific legacy functions performed by the DHS components. Findings revealed that some functions have received decreased funding without a commensurate reduction in demand for that service. The need to unequivocally define which DHS activities are considered “homeland security-

related” emerged as a recurring theme in the research as well. Seminal documents, such as the Quadrennial Homeland Security Review and annual DHS Budgets-in-Brief, offer broad perspectives of the Department’s purpose that include functions not stated in the Homeland Security Act’s sparse prose. In an effort to describe the concept of homeland security as accurately and inclusively as possible, the Act’s definitions and vision statements are so flexible that nearly any threat could be included in the category of “other hazards.” Concerns about appropriate homeland security activities and DHS’ role have been voiced from several levels of government and the media, including by the first DHS secretary, Governor Tom Ridge. This thesis recommends efforts to clearly define homeland security functions at the program or activity level.

A multi-goal policy approach was used to assess potential courses of action to improve the distinction between homeland security and non-homeland security activities in DHS component budgets. Once criterion supporting the broad goals of better HLS and non-HLS funding distinctions were identified and weighted, several courses of action were analyzed and scored. Two courses of action were ultimately recommended: to pursue a pilot test of modified budget submission requirements for a limited number of DHS components, and to benchmark business processes followed by the Departments of Interior and Commerce. Both departments, like DHS, were formed from a combination of agencies and offices; as such, both offer financial management practices that may benefit DHS. The research also suggested several standalone actions to improve the identification and tracking of legacy function funding, and those actions were included with recommendations for future research.

The ongoing threat of terrorism and the continuing debates over preparedness throughout the entire homeland security enterprise all bring their own demands for resources. Concurrently, some agencies within DHS continue to perform duties that they have executed for decades or centuries. Congress specifically called out the legacy functions in the act that created DHS, requiring that they not be diminished or neglected in favor of homeland security activities. Yet, without an accurate, recurring method for distinguishing between funding for homeland security and non-homeland security activities in the DHS component budgets, it is impossible to accurately determine if such

legacy functions are being neglected. As DHS continues to modernize its financial management systems and consistently categorize expenditures across all components, the ability to identify funding for legacy functions must be built into financial systems and budget exhibits. Functions performed by DHS components prior to the Department's formation are important to the nation, and the activities' resource levels should not be reduced without careful analysis and congressional intent.

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I. INTRODUCTION: IT'S ALL ABOUT THE MONEY

“Homeland security” encompasses a swatch of disparate policy goals being pursued by numerous departments with little in the way of actual coordination.

—Ned Resnikoff¹

Since the Department of Homeland Security (DHS) was formed in 2003, the U.S. government has poured a great deal of money into the homeland security enterprise. This money did not simply go to DHS itself, but also to other executive departments and—through its grant programs—state and local governments.² More than a decade later, questions remain about what the funding has actually purchased and, on a more basic level, what activities should be considered “homeland security-related.”³ Adding to the complexity, some agencies came into the Department with legacy functions, some of which are not directly related to homeland security (HLS)—such as the Coast Guard’s Living Marine Resources mission. Congress addressed the differing HLS/non-HLS responsibilities within the Homeland Security Act of 2002, which requires “that the functions of the non-homeland security agencies and subdivisions within the Department that are not related directly to securing the homeland not be diminished or neglected, except by a specific and explicit act of Congress”:

¹Ned Resnikoff, “‘Homeland Security’ has received \$791 billion since 9/11,” MSNBC, The Ed Show, <http://www.msnbc.com/the-ed-show/homeland-security-has-received-791-billion>

²Jena McNeill, “The FY 2011 Homeland Security Budget: Spending Doesn't Match the Missions,” The Heritage Foundation. February 26, 2010, <http://www.heritage.org/research/reports/2010/02/the-fy-2011-homeland-security-budget-spending-doesn-t-match-the-missions>. The “homeland security enterprise” is defined as the unified national effort to secure America. In addition to DHS, the enterprise includes first responders, state and local governments, and the private sector.

³Adam Stone, “10 Years After 9/11: How Far Did \$635 Billion Spent on Homeland Security Go?” *Emergency Management*, Aug 2011, <http://www.emergencymgmt.com/safety/10-Years-After-911-Homeland-Security-Funding.html>

SEC. 101. EXECUTIVE DEPARTMENT; MISSION.

(a) ESTABLISHMENT.—There is established a Department of Homeland Security, as an executive department of the United States within the meaning of title 5, United States Code.

(b) MISSION.—(1) IN GENERAL.—The primary mission of the Department is to ... (E) ensure that the functions of the agencies and subdivisions within the Department that are not related directly to securing the homeland are not diminished or neglected except by a specific explicit Act of Congress.⁴

One metric for assessing if an activity has been diminished is the amount of funding it receives. If funding has decreased, or remained flat in the face of agency budget growth or demand for services, a case may be made that the function's importance has diminished. While decreased funding may also indicate that a function is being performed more efficiently or through a different approach, this research assumes that reduced funding does indicate a decrease in importance. In order to determine the level of funding for HLS and non-HLS activities within the DHS components, the relevant budget documents must allow for easy delineation between the two categories. Thus, this research is focused on tracking and allocating DHS funding to the component agencies that retain legacy functions.

A. PROBLEM STATEMENT

The 2014 DHS Quadrennial Homeland Security Review (QHSR) states, "Preventing terrorist attacks on the Nation is and should remain the cornerstone of homeland security."⁵ Within the same document, DHS Secretary Jeh Johnson acknowledged that, while DHS will "continue to adhere to the five basic HLS missions set forth in the first QHSR ... these missions must be refined to reflect the evolving landscape of homeland security threats and hazards."⁶ The "evolving landscape" is a consequence of the Department's diverse missions and responsibilities. DHS disaster

⁴Public Law, 107-296, 107th Congress, Nov. 25, 2002.

⁵U.S. Department of Homeland Security, *Quadrennial Homeland Security Review* (2014), <http://www.dhs.gov/sites/default/files/publications/2014-qhsr-final-508.pdf>.

⁶*Ibid.*, 5.

relief and other non-security functions have come into increased focus with significant events such as Hurricane Katrina, the Deepwater Horizon explosion and spill, and Super Storm Sandy; the terrorism threat continues to evolve; and immigration management becomes more complex as unaccompanied children enter illegally into the United States across its southern border.⁷ With downward pressure on the DHS budget and intense congressional scrutiny on the Department's performance, the stage is set for difficult funding decisions.⁸

Within government organizations, the process for developing and executing a budget is well established. At the federal level, most agencies submit budget requests through their parent departments, and are ultimately funded through one of twelve congressional appropriations bills. With the formation of DHS in 2003, twenty-two distinct agencies and directorates were consolidated into a single cabinet-level organization. Not only did these agencies' legacy missions vary widely, but their budgeting processes and financial management systems differed as well. DHS has been challenged to produce annual budgets that display each component and directorate in similar budgetary categories, and provide congressional oversight committees with all the information they desire.

Against this backdrop, certain legacy missions within the DHS components may atrophy without congressional intent. For example, the U.S. Secret Service (USSS) retains a legacy mission of investigating currency fraud, but has taken on additional security-related functions since the events of 9/11. If the investigative mission has been reduced in funding and focus, it may well have been "diminished" within the meaning of the Act—a result not intended by Congress.

⁷Jeh Johnson, "U.S. Department of Homeland Security," In *DHS 2015: The Secretary's Progress Report*, January 29, 2015, <http://www.dhs.gov/news/2015/01/29/remarks-secretary-johnson-dhs-2015-secretarys-progress-report>. Secretary Johnson noted that an unprecedented number of children "and others" had crossed over a narrow area of the southern U.S. border in the summer of 2014.

⁸Josh Hicks, "Obama budget would require 'difficult choices' for Homeland Security," *Washington Post Federal Eye*, March 2014, <http://www.washingtonpost.com/blogs/federal-eye/wp/2014/03/06/16567/>; Jeh Johnson, "DHS 2015: The Secretary's Progress Report," U.S. Department of Homeland Security, January 29, 2015, <http://www.dhs.gov/news/2015/01/29/remarks-secretary-johnson-dhs-2015-secretarys-progress-report>. Secretary Johnson noted that more than 90 Congressional committees and subcommittees have oversight over DHS.

While the Homeland Security Act’s “no diminishment” requirement was expressly acknowledged in early versions of the DHS Budget-in-Brief, more recent editions have not included the statement, and current DHS component budget exhibits do not expressly delineate between HLS and non-HLS functions in a manner that allows for programs and initiatives to be easily tracked.⁹ As an example, the fiscal year (FY)16 DHS Budget-in-Brief (“BIB”) display for the USSS discretionary budget lists only two categories, “Operating Expenses,” and “AC&I” (funds for Acquisition, Construction, and Improvements).¹⁰ Unlike previous BIBs (FY15 and earlier), no breakdown between HLS and non-HLS funding is listed in the BIB resource tables. Moreover, even for BIB listings that did delineate between HLS and non-HLS funding (FY15 and prior), the summary amounts had insufficient detail to track individual programs or initiatives. For example, the FY15 BIB notes that, of the \$1,533 million (M) allocated to the USSS for operating expenses in FY14, \$1,443M was directed to HLS activities and \$90M to non-HLS activities; of the \$52M allocated for AC&I, \$49M was directed to HLS activities, and \$3M to non-HLS activities.¹¹ No additional detail or explanation is provided.

The more comprehensive President’s Budget, prepared by the Office of Management and Budget (OMB) and normally delivered to Congress annually in February, does include an HLS funding analysis. The functions, however, are not categorized in a manner that allows easy comparison with component budgets or the BIB exhibits for each component. For example, the FY16 President’s Budget, while providing funding amounts proposed for HLS activities by agency, activity (e.g., “Prevent and Disrupt Terrorist Attacks”), and function (e.g., Energy or Transportation) is far too broad to reflect distinctions between HLS and non-HLS funding allocations within DHS

⁹U.S. Department of Homeland Security, *Budget in Brief: Fiscal Year 2004*, 1, http://www.dhs.gov/xlibrary/assets/FY_2004_BUDGET_IN_BRIEF.pdf. The document notes, “DHS will also ensure that non-homeland security activities, such as responding to natural disasters or rescuing lives at sea, are not diminished or neglected.”

¹⁰U.S. Department of Homeland Security, *Budget in Brief Fiscal Year 2016*, 76, (2015), http://www.dhs.gov/sites/default/files/publications/FY_2016_DHS_Budget_in_Brief.pdf.

¹¹U.S. Department of Homeland Security, *Budget in Brief Fiscal Year 2015*, 168, (2014), <http://www.dhs.gov/sites/default/files/publications/FY15BIB.pdf>.

component agencies.¹² While this research is focused on DHS component funding, it is worth noting that the President’s Budget HLS analysis includes HLS funding spread across 29 federal agencies and departments, further complicating a comprehensive analysis of homeland security functions and funding.¹³

Without the ability to clearly distinguish HLS from non-HLS functions in budget formulation documents, DHS component agencies may inadvertently be failing to meet the Homeland Security Act’s intent, and potentially neglecting core pre-9/11 missions.

B. LIMITATIONS

This research’s scope was limited primarily to components or agencies within DHS. The scope extended to other federal entities that provided a limited basis for comparison with DHS’ diverse functions. The research did not extend to government organizations below the federal level, nor to international organizations of any kind. As the private sector has fundamentally different corporate motivations, including responsibility to shareholders and the need to maintain a profit margin, no private-sector research was included.

The scope was limited by the sample size of agencies studied. Because the functions, missions, and budget exhibits are specific to each organization, extrapolation to broad conclusions is limited or unapparent. Analysis of organization budgets was restricted to planned expenditures; supplemental funding directed for specific, non-recurring events—such as natural disasters—was considered outside the scope of the research. Analysis of organization budgets was limited to publicly available information; all internal dialogue and decisions about how to prioritize HLS and non-HLS missions were not accessible.

For the purpose of this research, only components that performed legacy non-HLS functions were analyzed. The logic is simple—only such non-HLS functions might be at

¹²Office of Management and Budget, “Homeland Security Funding Analysis,” in *Fiscal Year 2016: Analytical Perspectives of the U.S. Government*, 344–349 (Washington, DC: Government Printing Office, 2015), https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/ap_22_homeland_security.pdf.

¹³*Ibid.*, 344.

risk in the allocation of funding in the years since DHS was formed. The budget and functions of the following agencies were reviewed: the Federal Emergency Management Agency (FEMA), the Federal Law Enforcement Training Center (FLETC), the U.S. Citizenship and Immigration Service (USCIS), U.S. Customs and Border Protection (CBP), the U.S. Coast Guard (USCG), and the U.S. Secret Service (USSS).

There is incomplete agreement about what constitutes a “homeland security” function. While there are a number of authoritative sources for defining the term (e.g., the QHSR), there is no single accepted definition. This is an important limit; if DHS component agencies (or any public entities) are asked to categorize their funding according to whether or not it supports homeland security, those agencies should be provided with clear guidelines to make the determinations.

As federal budget figures are typically presented in current-year dollars, totals are not adjusted for inflation.

C. RESEARCH QUESTIONS AND SIGNIFICANCE

The research sought to answer several questions: Has DHS funding favored HLS functions over non-HLS functions, or have legacy functions atrophied as a result of insufficiently differentiated and reported funding levels? Should the DHS components’ budget documents be prepared such that funding allocated to HLS and non-HLS functions is separate and distinct, and the diminishing or neglect of legacy functions is evident?

Other than straightforward compliance with the Homeland Security Act, there are additional advantages to examining relative HLS and non-HLS funding allocation; such a review, especially if conducted regularly, would ensure that DHS does not inadvertently erode a unique capability that other federal agencies are dependent upon to achieve national objectives. The review may also foster a conscious debate by Congress and the Administration over federal roles and responsibilities that may be overlapping or duplicative to better focus effort efficiently; it would ensure that stakeholder groups and the public do not receive diminished services or public protections; and it would aid in

DHS continuing to provide services for which the department is the most efficient lowest-cost provider.

Developing different budget exhibit requirements may illuminate the status of non-HLS functions (neglected or not) within DHS component agencies. Again using the USSS as an example, the agency provides support to the Bureau of Engraving and Printing, Federal Reserve Banks, and the U.S. Treasury Department for counterfeit prevention, currency development, and other activities—functions performed by the USSS prior to its transfer from the Department of Treasury to DHS—and in fact the original mandate for its formation.¹⁴ These activities, arguably non-HLS in nature, were important enough to merit specific mention in the FY16 BIB, yet there is no way to track if the functions have been diminished or neglected in recent years.¹⁵

Congress may also be interested in DHS' level of compliance with the Act. The level of congressional oversight for DHS indicates a lively interest in the Department's operation and effectiveness. Providing a snapshot of the oversight, Janet Hale noted that “four-fifths of the way through the 113th Congress, 296 employees of the Department of Homeland Security (DHS) had testified or provided a statement of record in 198 congressional hearings before 47 congressional committees and subcommittees. Department personnel also participated in more than 2,800 non-hearing congressional engagements.”¹⁶ As Congress specifically required the continued execution of non-homeland security functions, without neglect or diminishment, unless set aside by Congress itself, legislators may benefit from reviewing this function's status.

D. RESEARCH DESIGN

A prescriptive research approach was used to examine DHS and non-DHS funding allocation. By definition, the prescriptive approach is applied, rather than

¹⁴ “History,” U.S. Secret Service, accessed August 21, 2015, <http://www.secretservice.gov/history.shtml>.

¹⁵ U.S. Department of Homeland Security, *Budget in Brief Fiscal Year 2016*, (2015), 75, http://www.dhs.gov/sites/default/files/publications/FY_2016_DHS_Budget_in_Brief.pdf.

¹⁶ Janet Hale, “Congressional oversight of DHS: Time for an overhaul,” *Federal Times*, Nov 2014, <http://www.federaltimes.com/story/government/dhs/blog/2015/02/03/congress-dhs-oversight/22801817/>.

theoretical, and “goes beyond identifying success or performance or outcomes, and actually recommends solutions or new ideas. Prescriptive research...comes up with an assertion, a solution, a proposal for how to address a known problem space.”¹⁷ This approach allowed the study to examine standard budget exhibits both from a practical standpoint (“Can DHS change that? Will OMB permit it?”) and from revised-display position to answer additional questions (“How much has the USSS been spending on investigating currency fraud, and how much on presidential security?”). The more complex questions from the prescriptive approach have greater benefit to the research consumers—primarily policy decision makers.

The research also utilized policy analysis through a multi-goal policy approach. Analysis steps included identifying the policy alternatives, establishing broad goals that the alternatives should meet, establishing and weighting evaluative criteria, and scoring each alternative quantitatively.¹⁸ Criteria used to evaluate the policy modifications included resource constraints, implementation feasibility, adaptability, and political will to implement potential changes in DHS component budget formulation processes. Each potential policy modification also underwent a qualitative, forward-mapping evaluation, in order to assess how well the alternative met the broad goals. All results helped build policy recommendations.

The problem space for the research focused on funding for DHS component functions, and analyzed functions directly and indirectly linked to securing the homeland. Funding reductions, program terminations, or other indications of neglect in non-HLS functions suggested a change in program allocation in accordance with the Homeland Security Act of 2002. Thus, the research was directed toward a potential policy change.

(1) Research Objective

The study sample was drawn from the DHS component agencies and included budget formulation exhibits, such as the annual Budget-in-Brief presented to Congress,

¹⁷Lauren Wollman, “Research Paradigms,” NS2013, *Research and Writing for Homeland Security*, Center for Homeland Defense and Security, Summer 2014.

¹⁸Eugene Bardach, *A Practical Guide for Policy Analysis* (New York: Seven Bridges Press, 2000). All steps in the policy analysis were drawn from the “Eightfold Path,” 1–69.

and the President’s Budget. Agency-specific mission and functional statements were also analyzed. Only components that performed legacy non-HLS functions were analyzed in the research, including FEMA, FLETC, USCIS, CBP, USCG, and USSS. For all sets of data, multiple fiscal years (2004–2013) were examined in order to identify funding trends (“We used to spend X, but it is trending downward and we now spend Y”) and mission or functional shifts (“We used to do that, but we have reduced our activity in that area by X%”).

A separate study sample was sought from other multi-mission agencies or departments within the federal government, to assess how disparate agency functions are prioritized and funded. The agencies chosen include the Departments of Interior and Commerce; like DHS, both departments were created from legacy bureaus, offices, and agencies.

(2) Selection

Samples from within DHS components were chosen based on several criteria:

- Relevance to budget formulation and execution. The samples had to show specific expenditures for descriptive line items.
- Relevance to function or mission. The samples had to provide agency-specific legacy missions, activities, or functions.
- Availability and presentation. Some DHS agencies predate the Department’s formation and were arrayed differently from current DHS requirements. External departments or agencies, similarly, had some data that did not allow for normalized comparison.

(3) Data Sources

The primary data source consisted of open-source or published literature. The sources included public law, congressional testimony, GAO and CRS reports, newspaper and other media accounts, academic studies and theses, publicly available budget documents, and publicly available DHS and DHS component mission statements, goals, functions, and the like. Similar data was reviewed for federal non-DHS agencies for comparison or benchmark purposes. Personal interviews were not conducted as part of the research.

(4) Type and Mode of Analysis

Because the research was focused toward a policy change (and the presumption is that the current policy is not completely unworkable), a policy analysis using a multi-goal policy approach was chosen. There are several steps in this type of analysis.

1. Identify the policy variables. For the research area of DHS component budgeting, resource constraints were an obvious variable. Describing the strategic environment, the 2014 QHSR stated, “Since the last Quadrennial Homeland Security Review, economic conditions have had wide-ranging impacts across homeland security partners and stakeholders, affecting both daily operations and current investments to meet longer-term needs and challenges.”¹⁹ Other variables included implementation feasibility, adaptability, and political will to implement potential changes in DHS component budget formulation processes.
2. Establish goals for the policy.
3. Predict the impact that a policy modification would have in terms of achieving the relevant goals.
4. Assign value to the predicted impacts (quantitatively, qualitatively, and/or monetarily) or modifications to the existing policy.
5. Evaluate the suggested policy modification against the weighted goals and make a determination as to the best policy alternative.²⁰

(5) Output

Through this study, the researcher expected to illuminate DHS’ failure to accurately characterize HLS and non-HLS functions within Department components, and to also demonstrate a decrease in funding for non-HLS functions. Decreased funding for a specific activity without corresponding demand reduction, showed “diminishment or neglect” of the function. If the predictions were correctly identified, the expectation was to craft a policy recommendation to better display the funding for HLS and non-HLS functions. If the research was not able to demonstrate the predictions, the status quo was adequate. Ultimately, as shown in Chapter IV, the research supported the need for

¹⁹U.S. Department of Homeland Security, *Quadrennial Homeland Security Review* (2014), <http://www.dhs.gov/sites/default/files/publications/2014-qhsr-final-508.pdf>, 26.

²⁰Center for Homeland Defense and Security, NS4081 Research Colloquium, *Module on Policy Analysis and Policy Options Analysis* (2014); Eugene Bardach, *A Practical Guide for Policy Analysis*.

improved tracking of DHS component HLS and non-HLS functions. The research developed a set of recommendations designed to address a potential revision in DHS budget formulation exhibits and, more broadly, address the unclear definition for HLS and non-HLS functions. Future researchers should be able to use this research to present findings and recommendations to the DHS offices of Program Analysis and Evaluation, and the Chief Financial Officer.

E. CHAPTER OVERVIEW

Chapter II, the literature review, examines the primary sources that contributed to the research scope. Chapter III describes the budget information from the chosen samples; the analysis and data discussion follows in Chapter IV. Chapter V concludes with findings and recommendations for use of the research, and areas of further study.

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II. LITERATURE REVIEW

The literature that underpins this research can be divided into five categories: DHS and component annual budgets from 2003–2014 (expressed in current-year dollars); guidance documents and analyses by various government entities, such as the Government Accountability Office (GAO) and the Congressional Research Service (CRS); theses and reports by students and academics that mostly propose or test new analysis methods; transcripts of interviews with key DHS officials; and news and journal articles by government watchdogs and investigative reporters. The pre-2003 material also includes a significant number of government reports, such as GAO reviews, as well as scholarly work that supports various budget-preparation methods.

GAO reports that discuss the DHS budget have been written for a variety of reasons, and are frequently presented as testimony to Congress. The GAO is an independent and nonpartisan agency that performs investigations, audits, research, and analyses at the request of congressional committees, as mandated by public law, or at the request of the head of GAO, the Comptroller General.²¹ Although the agency was established as non-partisan and generally has a reputation as an objective voice, that does not stop partisan consumers from using GAO reports to score political points: members may choose to use only portions of a report to support their positions, or accuse others of wasting money when they request reports on contentious topics.²² Congressional committees, subcommittees, and individual members of Congress have tracked DHS' evolution since its inception, and, in doing so, have questioned the Department's financial management. Hite's 2004 GAO report is typical of that early era; it focused on integrating the 22 former agencies into one department, in that case on developing an

²¹ "About GAO," U.S. Government Accountability Office, <http://www.gao.gov/about/index.html>.

²² Wendell Potter, "Statisticulation: Sen. Sessions Manipulates GAO's Obamacare Report for Partisan Points," Huff Post Politics, http://www.huffingtonpost.com/wendell-potter/statisticulation-sen-sess_b_2806025.html; Ed O'Keefe, "Top federal watchdog faces budget cuts," *Washington Post*, September 30, 2011, http://www.washingtonpost.com/blogs/federal-eye/post/top-federal-watchdog-faces-budget-cuts/2011/09/30/gIAhHD6GL_blog.html.

effective information technology (IT) governance structure.²³ Hite's report determined that the DHS IT strategic plan lacked sufficient detail, and he made several specific recommendations to both improve IT goals and performance measures, and provide for more effective investments in IT infrastructure. Paul Jones, GAO Director of Homeland Security and Justice Issues, appeared before the House of Representatives' Committee on Transportation and Infrastructure in 2004 to present a GAO report on the transfer of full-time equivalent (FTE) positions from legacy agencies to the DHS, with an analysis of what savings might be garnered from the consolidation.²⁴ Thus, government-generated materials from DHS' first years tend to examine the organizational structure and the effectiveness of discrete functional areas, while reports from later years have a stronger and more critical tone.

As DHS matured and responded to major incidents (such as Hurricane Katrina in 2005, the Deepwater Horizon loss of life and oil spill in 2010, and Super Storm Sandy in 2012) Congress shifted its focus to the Department's performance and exhibited a growing impatience with inefficiencies and lack of strategic intent. The resulting requests for GAO investigations and reports reflect congressional expectations of an effective DHS organization. For example, GAO was requested to investigate the manner in which DHS displayed its components' management and administration (M&A) activities; the investigation revealed that DHS had failed to consistently account for M&A functions in department budget requests.²⁵ Other recent budget-related GAO reports have addressed inadequate DHS financial internal controls, a need for better optimization of resources within the Transportation Security Administration, a lack of integrated financial

²³ Randolph Hite, *Department of Homeland Security: Formidable Information and Technology Management Challenge Requires Institutional Approach* (GAO-04-702) (Washington, DC: Government Accountability Office, 2004).

²⁴ Paul Jones, *Transfer of Budgetary Resources to the Department of Homeland Security* (GAO-04-329R) (Washington, DC: Government Accountability Office, 2004).

²⁵ Government Accountability Office, *DHS Management and Administration Spending: Reliable Data Could Help DHS Better Estimate Resource Requests* (GAO-14-27) (Washington, DC: Government Accountability Office, 2013);

management systems across all of DHS, and recommendations for better use of funds dedicated to Centers of Excellence.²⁶

The government documents generally paint a negative picture of DHS' financial management. Often initiated by a member of Congress regarding a specific aspect of planning or budgeting, e.g., the report on how to display M&A functions in component budget requests²⁷, the GAO reports also seem to carry limited weight. Several of the reports stated that previous GAO recommendations had been accepted by DHS, yet the recommended actions had not been taken, or were only partially complete.²⁸In practical terms, GAO reports may generate accurate and useful information, but the agency, as it was intended, does not have an enforcement mechanism. Even if the reports cause organizational "embarrassment," they do not necessarily result in any consequences and are most typically cited by an individual or agency to make a point. For example, DHS Secretary Johnson has expressed a strong desire to improve his Department's management practices, and referenced a GAO report in praising the progress of DHS in its management capabilities in "key areas such as financial management, IT acquisitions and senior leadership;" calling the improvements a "huge step forward."²⁹ Similarly (though in a less positive vein), the group Citizens Against Government Waste noted a

²⁶Government Accountability Office, *Opportunities Exist to Better Evaluate and Coordinate Border and Maritime Research and Development* (GAO-13-732) (Washington, DC: Government Accountability Office, 2013); David Maurer, *DHS Management and Administration Spending: Reliable Data could Help DHS Better Estimate Resource Requests* (GAO-14-27) (Washington, DC: Government Accountability Office, 2014); Asif A. Khan, *DHS Financial Management: Continued Effort Needed to Address Internal Control and System Challenges* (GAO-14-106T) (Washington, DC: Government Accountability Office, 2013); Cathleen Berrick, *Transportation Security: Systematic Planning Needed to Optimize Resources* (GAO-05-357T) (Washington, DC: Government Accountability Office, 2005); Government Accountability Office, *Departmentwide Integrated Financial Management Systems Remain a Challenge* (GAO-07-536) (Washington, DC: Government Accountability Office, 2007).

²⁷ Government Accountability Office, *DHS Management and Administration Spending: Reliable Data Could Help DHS Better Estimate Resource Requests* (GAO-14-27) (Washington, DC: Government Accountability Office, 2013).

²⁸Khan, "DHS Financial Management."

²⁹Jerry Markon, "GAO cites Homeland Security's progress in fixing management problems, praises Johnson," *Federal Eye*, February 24, 2015, <http://www.washingtonpost.com/blogs/federal-eye/wp/2015/02/24/gao-cites-homeland-securitys-progress-in-fixing-management-problems-praises-johnson/>.

GAO report that described roughly 80 billion dollars left “on the table” by the federal government during the fiscal years 2011–2014.³⁰

The CRS was also established as a non-partisan agency, established within the Library of Congress, and designed to “provide policy and legal analysis to committees and Members of both the House and Senate, regardless of party affiliation.”³¹ Despite the agency’s non-partisan nature, CRS reports may also be used to help support political positions, though (as with GAO reports) they are not designed to prompt consequences. For example, the group Earthjustice cited a CRS report regarding the proposed regulation of coal ash, and urged its blog readers to contact their congressional representatives regarding the legislation.³²

While government-produced documents generally portray DHS as poorly managed in some areas, there are no direct consequences. DHS itself has a mixed record on complying with the reports’ recommendations. Secretary Johnson’s praise referred to progress made between the 2013 and 2015 GAO reports; but a March 2015 GAO report on DHS acquisitions, however, states, “In recent years, DHS has taken steps to improve acquisition management by dedicating additional resources to oversight and documenting major acquisition decisions in a more transparent and consistent manner. However, many of our recommendations have not yet been implemented, including that DHS ensure all major acquisition programs fully comply with DHS acquisition policy.”³³ The overall picture that emerges is of a department struggling to improve its management processes, including those related to financial management.

Students and academics have generated literature that evaluates budget development and capital investment processes, and in some cases proposes new models

³⁰Curtis Kalin, “GAO Cites Billions Left on the Chopping Block,” March 2015, Wastewatcher, <http://cagw.org/media/wastewatcher/gao-cites-billions-left-chopping-block>.

³¹“Congressional Research Center Careers,” accessed July 7, 2015, <http://www.loc.gov/crsinfo/>.

³²Lisa Evans, “Strike Three: CRS Makes Key Call on McKinley’s Coal Ash Bill,” Earthjustice blog, accessed July 7, 2015, <http://earthjustice.org/blog/2013-june/strike-three-crs-makes-key-call-on-mckinley-s-coal-ash-bill>.

³³ Government Accountability Office, *Homeland Security Acquisitions: DHS Should Better Define Oversight Roles and Improve Program Reporting to Congress*(GAO-15-292) (Washington, DC: Government Accountability Office, 2015).

for those functions. Fallah, Murphy, and Stohr described a two-phased budgeting approach that determines an initial budget allocation based on “Quality Function Deployment,” a system that highlights a set of linkages from a customer’s needs through design, and eventually production.³⁴ In the DHS context, the intended outcome is to provide a budget framework that displays relationships between customers’ needs, and allows for adjustment based on anticipated terrorist reaction to potential investments. Other studies have proposed: considering multiple criteria to develop a weighted sum of factors and complex formulae to establish funding levels; using a quantitative risk analysis that incorporates cost and management policies into the overall calculation of risk (from which resource allocations determinations are made); and combining DHS elements with the Department of Defense to create a new Domestic Security Command.³⁵

The thesis-based proposals appear to have sufficient academic rigor to merit a serious look at their conclusions, but the complexity of their recommendations may limit their utility. Even if resource managers and senior leaders agree with the variables used (e.g., population centers, critical infrastructure, bridges and tunnels, etc.), and are able to understand the formulas applied to the data set, they would be unlikely to accept a budget allocation or capital investment plan produced purely by a theory. Likewise, the concept of disbanding the Departments of Defense and Homeland Security in favor of a “Domestic Security Command” may seem logical and economical from a completed academic thesis’ standpoint, but ludicrous to those who would need to implement such a massive reorganization. While academic analyses may not be feasible on a wholesale basis, they should not be ignored. Fresh ideas and solid analysis can highlight areas for improvement, and incremental changes can be made that benefit the organization.

³⁴Hosein Fallah, Frederick H. Murphy, and Edward A. Stohr. 2010, “A Methodology for Improving the Investment Portfolio Management Process for the Homeland Security Department using Quality Function Deployment,” *Public Budgeting & Finance* 30, no. 4: 1-27.

³⁵Jian Hu, Tito Homem-de-Mello, and Sanjay Mehrotra, “Risk-Adjusted Budget Allocation Models with Application in Homeland Security.” *IIE Transactions* 43, no. 12 (2011): 819; Hosein Fallah, Frederick Murphy, and Edward A. Stohr, “A Methodology for Improving the Investment Portfolio Management Process for the Homeland Security Department using Quality Function Deployment,” *Public Budgeting and Finance* 30, no 4: 1–27; Christopher Reifel, “Quantitative Risk Analysis for Homeland Security Resource Allocation” (master’s thesis, Naval Postgraduate School, Monterey, CA, 2006); Jason Woodward, “Achieving Homeland Security in a Time of Diminishing Resources” (master’s thesis, U.S. Army Command and General Staff College, Leavenworth, KS, 2012).

Journalists and investigative reporters have followed the “DHS story” as well. Sources for material include congressional committee and subcommittee hearings, GAO reports and testimony, and interviews with DHS and component principals. Since bad news attracts more attention than good, news stories tend to dwell on criticism, failures, and errors. A 2008 *USA Today* story by Frank Thomas is typical, leading off with the statement, “The GAO report is the latest to raise questions about the Homeland Security Department, which Congress has criticized for gaps in aviation security, a faltering response to Hurricane Katrina and slow progress in securing land borders.”³⁶ Other news reports addressed the challenges that DHS has experienced in consolidating its headquarters on the grounds of St. Elizabeth’s Hospital in the National Capitol Region, and gave accounts of testimony or personal interviews with the Deputy Secretary or Secretary of DHS.³⁷ News stories about DHS’ performance and financial stability can provide useful summaries of lengthy government reports, committee testimony, or interviews, but the literature must be read carefully to separate facts from attention-grabbing headlines or biased conclusions. In an age of easy access to information, the kernel in each news story should provide an original source with which to verify the author’s report.

Nearly twelve years into its existence, observers have written books about various DHS aspects; these resources range from general observations to specific suggestions for improvement. Shea’s examination of the Directorate of Science and Technology (S&T), prepared by the Congressional Research Service, is an example of an in-depth review that lacks specific recommendations to correct observed shortcomings in S&T performance and organization.³⁸ William West’s analysis of the existing Planning, Programming,

³⁶Frank Thomas, “Report Criticizes Homeland Security,” *USA TODAY*, November 20, 2008.

³⁷Devin Leonard, “House Republicans Cut Funding for New DHS Headquarters,” *Business Week*, (January 17, 2014), 1, <http://www.businessweek.com/articles/2014-01-17/house-republicans-cut-funding-for-new-dhs-headquarters>; Jessica Herrera-Flanagan, “Lessons in Homeland Security,” *Government Executive* 45, no. 3 (May/June 2013, 2013): 38-38, 40; Zach Rausnitz, “In Budget Process, DHS to Take the Reins from Component Agencies,” *Fierce Homeland Security*, March 12, 2014, <http://www.fiercehomelandsecurity.com/story/budget-process-dhs-take-reins-component-agencies/2014-03-12>.

³⁸Dana Shea, *DHS Directorate of Science and Technology: Key Issues for Congress*. (Diane Publishing, 2010).

Budgeting, and Execution (PPBE) process followed by most government agencies leads him to suggest a different approach, “Managing for Results,” which includes strategic planning to help organizations articulate distinct missions and actionable goals.³⁹ Few books deeply investigate the DHS budgeting process, but they still provide valuable insights, as do their notes and works cited.

As the definition of “homeland security” evolves and DHS continues to mature, there is room to refine how HSL and non-HSL missions are prioritized. There is currently more literature about the “nuts and bolts” of DHS budgeting than about more sophisticated aspects of the organization, such as measures of effectiveness or how to apply strategic intent to budget requests and allocations. Scholars should focus future research on creating more resources in the latter categories.

³⁹William West, *Program Budgeting and the Performance Movement: The Elusive Quest for Efficiency in Government* (Washington, DC: Georgetown University Press, 2011).

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III. BUDGET DATA DISCUSSION

A. ORGANIZATIONAL CONTEXT

When 22 agencies combined into one Department of Homeland Security, the Department inherited or established a diverse set of missions and functions, all intended to achieve a “safer, more secure America, which is resilient against terrorism and other potential threats.”⁴⁰ More than a decade after the creation of DHS, its budget processes remain “stovepiped;” in congressional testimony, the DHS secretary stated that “significant structural inconsistencies” still exist across components.⁴¹ Adding to the new organization’s complexity, Congress required that the Department focus on homeland security efforts, but not neglect the non-homeland security functions of its component agencies. As DHS works to “refine [its] planning process and appropriation account structure in order to improve how the Department resources its missions,” careful consideration must be given to the disposition of distinct component functions and responsibilities.⁴²

The Department’s diversity creates a challenge—how to develop a strategic planning and budgeting process broad enough to incorporate specific priorities from component agencies (including those with legacy functions) while focusing on the cornerstone DHS responsibility: preventing terrorism attacks on the nation. Activities as varied as maintaining Coast Guard icebreaking capabilities, providing protection for the President of the United States and visiting dignitaries, and caring for unaccompanied children on the southwest U.S. border must all fit under the DHS planning umbrella.

⁴⁰ “Mission,” U.S. Department of Homeland Security, accessed August 21, 2015, <http://www.dhs.gov/mission>.

⁴¹ Congressional Testimony Jeh Johnson, <http://docs.house.gov/meetings/AP/AP15/20140311/101856/HHRG-113-AP15-Wstate-JohnsonJ-20140311.pdf>.

⁴² *Ibid.*

B. MISSION CONTEXT

When reviewing DHS components' functions, an underlying question repeatedly emerges: Just what constitutes "homeland security?" The images in Figure 1 showcase samples of the wide variety of DHS responsibilities.

Figure 1. Responsibilities of DHS Component Agencies



Photos from Eyes Open Report, <http://eyesopenreport.com/judge-dismisses-lawsuit-filed-by-conspirator-attempting-to-expose-saudi-involvement-in-911-attacks/>; *Vice News*, <https://news.vice.com/article/us-border-patrol-caught-more-non-mexicans-than-mexicans-for-the-first-time-ever-in-2014>; and *Palm Beach Post*, <http://opinionzone.blog.palmbeachpost.com/2015/04/25/fema-slices-superstorm-sandy-debt-with-flood-insurance-trickery/>.

The Homeland Security Act of 2002 itself does address a broad definition for homeland security functions when it states, “The term ‘homeland security’ refers to those activities that detect, deter, protect against, and respond to terrorist attacks occurring within the United States and its territories.”⁴³ The Act’s sparse prose has evolved as DHS and other departments with homeland security responsibilities have implemented its rules. Reporting on the 2014 Quadrennial Homeland Security Review (QHSR), the Heritage Foundation stated, “DHS was established to prevent terrorist attacks and to reduce the vulnerability of, and minimize the damage to, the U.S. in the case of attacks. Ten years later, the concept of homeland security has come to embody an ‘all hazards’ approach, focusing not only on terror threats, but also on natural disasters and technological accidents.”⁴⁴

The Office of Management and Budget (OMB) brings additional context to the discussion in the annual Homeland Security Funding Analysis, a section of the budget’s “Analytical Perspectives” required by the Homeland Security Act. In the Analytical Perspectives, OMB notes but does not fully expand on the distinctions between HLS and non-HLS functions; “since not all activities carried out by DHS constitute traditional homeland security funding (e.g. *response to natural disasters* [emphasis added] and Coast Guard search and rescue activities), DHS estimates in this section do not encompass the entire DHS budget.”⁴⁵ Given the specific caveat regarding natural disaster response, it would be reasonable to expect a breakout for the FEMA budget, for example. FEMA activities are generally classified within the HLS realm because preparation for terrorism-related contingencies mimics activities that prepare for natural disasters and other emergencies. Yet DHS’ FEMA budget does not identify any expenditures as non-HLS-related, and the OMB budget exhibits present funding in the aggregate (e.g., “Respond and Recover from Incidents” by Agency) making it unclear how the overall

⁴³Public Law 107-296, 107th Congress, Nov. 25, 2002.

⁴⁴James Carafano, Jessica Zuckerman, Matt Mayer, Paul Rosenzweig and Brian Slattery, “The Second Quadrennial Homeland Security Review: Setting Priorities for the Next Four Years,” The Heritage Foundation, February 12, 2013, <http://www.heritage.org/research/reports/2013/02/the-second-quadrennial-homeland-security-review-setting-priorities-for-the-next-four-years>.

⁴⁵“Homeland Security Funding Analysis.” Office of Management and Budget.

FEMA (or other response organization below the Department level) budget is recorded by OMB.⁴⁶

OMB itself acknowledges the difficulty in tracking and reporting homeland security expenditures: “Some discrepancies from data reported in earlier years arise due to agencies’ improved ability to extract homeland security-related activities from host programs and refine their characterizations”⁴⁷ Using the FEMA example, the categories listed in the DHS budget have changed over the years, and it is unclear what proportion of FEMA funding was reported to OMB as HLS or non-HLS. In simpler terms, FEMA might consider *all* of its funding as supporting HLS activities, while *some* amount of it is being reported to OMB as non-HLS, which would be in line with the OMB assertion that “response to natural disasters” is not a traditional homeland security activity.

In May 2013, outgoing Deputy Secretary Jane Holl Lute stated that the seminal question of “what is homeland security” was adequately answered in the first QHSR, delivered to Congress in February 2010.⁴⁸ The 2010 QHSR itself described homeland security as “the intersection of evolving threats and hazards with traditional governmental and civic responsibilities for civil defense, emergency response, law enforcement, customs, border control, and immigration.”⁴⁹ By the time the 2014 QHSR was released, the description of homeland security had evolved to a series of bulletized national interest statements, mission statements, and a vision: “We pursue enduring national interests and conduct our missions in service to a single homeland security vision: a homeland that is safe, secure, and resilient against terrorism and other hazards, where American interests, aspirations, and way of life can thrive.”⁵⁰ The FY16 DHS BIB offers an equally broad perspective of the Department’s purpose: “The Department of Homeland Security’s

⁴⁶Ibid.

⁴⁷Ibid.

⁴⁸Herrera-Flanigan, “Lessons in Homeland Security.”

⁴⁹U.S. Department of Homeland Security, *Quadrennial Homeland Security Review Report: A Strategic Framework for a Secure Homeland*, (2010), http://www.dhs.gov/xlibrary/assets/qhsr_report.pdf.

⁵⁰U.S. Department of Homeland Security, *The 2014 Quadrennial Homeland Security Review*, (2014), <http://www.dhs.gov/quadrennial-homeland-security-review-qhsr>.

(DHS) ultimate mission is to secure the Nation from the many threats we face.”⁵¹ In an effort to describe the concept of homeland security as accurately and inclusively as possible, the definitions and vision statements are so flexible that nearly any threat could be included in the category of “other hazards.” One could argue, even that an economic downturn presents a threat to the security and resilience of the nation, and is therefore a threat that DHS must counter. Similar arguments could be made for the prevalence of such disparate hazards as gang violence or obesity.

Concerns about appropriate homeland security activities and DHS’ role have been voiced from several levels of government and the media; former DHS Secretary Tom Ridge stated that DHS has “lost its way,” and that “the focus—the primary focus—has been substantially diminished.”⁵² Albeit in more dramatic language, a 2014 *Albuquerque Journal* investigative report tallied where some of the primary focus has shifted: “Today, in addition to protecting America’s borders and airports, the department is interrogating people suspected of pirating movies at Ohio theaters, seizing counterfeit NBA merchandise in San Antonio and working pickpocket cases alongside police in Albuquerque. Homeland Security agents are visiting elementary schools and senior centers to warn of dangers lurking on the Internet.” The report also cites a 2013 CRS report that postulated, “More than a decade after the Department of Homeland Security’s creation—and despite the specific language in the law that created it—the sprawling agency still didn’t have a clear definition for ‘homeland security,’ or a strategy for integrating the divergent missions that are supposed to achieve it The U.S. government does not have a single definition for ‘homeland security,’ the report said. Multiple definitions, missions and an absence of prioritization results in consequences to the nation’s security.”⁵³

⁵¹U.S. Department of Homeland Security, *Budget in Brief Fiscal Year 2016*, 1.

⁵²Tom Ridge, “Former DHS secretary: DHS has lost its way” as quoted in *Homeland Security News Wire*, accessed May 22, 2015, <http://www.homelandsecuritynewswire.com/dr20140522-former-dhs-secretary-dhs-has-lost-its-way>.

⁵³Michael Coleman, “Mission Creep: Homeland Security a ‘Runaway Train,’” *Albuquerque Journal*, accessed May 22, 2015, <http://www.abqjournal.com/390438/news/homeland-security-a-runaway-train.html>.

The perceived lack of mission prioritization is echoed by Jerome Kahan in a 2013 essay, in which he noted, “Most significant is the absence of discussions in the *Quadrennial Homeland Security Report (QHSR)* that break out the homeland security versus non-homeland security responsibilities of DHS. Not addressing this issue in such a seminal document can have the effect of making the problem more complex by treating the department’s inherited missions as, seemingly, *all of equal importance and all connected to homeland security*” [emphasis added].⁵⁴

This research has led to a similar observation: without a clear, bounded definition of homeland security, additional missions and responsibilities may be placed at DHS’ virtual feet, with or without adequate funding, while the risk of a diminished focus on legacy non-HLS functions continues to grow.

C. DHS COMPONENTS

When DHS was created, some previously established component agencies brought existing missions into the Department, while other components were newly established in response to 9/11, or to fill a management role within DHS itself. For example, the United States Secret Service (USSS) was originally created in 1865 to suppress counterfeit currency and detect fraud against the government. A legacy of the original mission may be seen in the current-day USSS responsibilities for safeguarding U.S. currency and investigating crimes against the national financial system.⁵⁵ In contrast, the Transportation Security Administration (TSA) was established in 2001 and moved to DHS in 2003 with a goal of strengthening “the nation’s transportation systems while ensuring freedom of movement for people and commerce”; thus, the agency brought no distinct legacy functions to DHS and was created solely for missions related to homeland security.⁵⁶ Other components are comprised of directorates and offices, such as the National Protection and Programs Directorate or Office of Health Administration; these

⁵⁴Jerome Kahan, “The Two Faces of DHS: Balancing the Department’s Responsibilities,” *Homeland Security Affairs* 9, Article 10 (July 2013) <http://www.hsaj.org/articles/247>.

⁵⁵“Secret Service History,” United States Secret Service, accessed May 2, 2015, <http://www.secretservice.gov/history.shtml>.

⁵⁶“History,” United States Transportation Security Administration, accessed May 2, 2015, <http://www.tsa.gov/about-tsa/history>.

components serve specific HLS functions and coordinate efforts within DHS or the HLS enterprise at large.

The DHS component agencies and functions analyzed in this research were chosen because of their legacy (or apparent legacy) functions. Underpinning the review of all publicly available budget exhibits was the fact that legacy non-HLS functions were not intuitively obvious, and in some cases not traceable at all. This challenge underscores the premise of the research: that the diminishment or neglect of non-HLS functions may have occurred, but cannot easily be ascertained because of the content requirements of existing DHS component budget documents.

1. FEMA

Established by an executive order in 1979, FEMA consolidated disparate disaster-related responsibilities into a single agency (see Figure 2 for an illustration of some of FEMA's work). Previously, a patchwork of laws had provided for relief following hurricanes, earthquakes, floods, and other natural disasters. Further defined by the Stafford Act in 1988, FEMA is responsible for coordinating government-wide relief efforts, and is "designed to bring an orderly and systemic means of federal natural disaster assistance for state and local governments in carrying out their responsibilities to aid citizens."⁵⁷

⁵⁷"History," Federal Emergency Management Agency, accessed July 8, 2015, <http://www.fema.gov/about-agency>.

Figure 2. FEMA Workers Assist Following Disasters



Photos from Government Executive, <http://www.govexec.com/defense/2012/03/fema-partners-america-corp-aid-disaster-relief/41457/>; and FEMA, <https://www.fema.gov/blog/2014-12-11/fema-corps-action>.

Following 9/11 and FEMA's transfer to DHS, these efforts ballooned as billions of dollars of new funding were directed to FEMA to help communities face the threat of terrorism. Just after FEMA turned 20, the agency adopted an "all hazards" approach intended to increase focus on homeland security and emergency preparedness.⁵⁸ While the threat of terrorism was the agency's post-9/11 focus, FEMA had long practiced an all-hazards approach to emergency management, applying its "general framework for mitigation, preparedness, response, and recovery to all types of calamities, including the consequences of natural disasters, major accidents, and domestic terrorism."⁵⁹ Table 1 reflects the agency's budget growth since 9/11; FY2004 and FY2016 BIB exhibits are available in the Appendix.

⁵⁸Ibid.

⁵⁹James Carafano and Richard Weitz, "The Truth About FEMA: Analysis and Proposals," The Heritage Foundation, December 7, 2005, <http://www.heritage.org/research/reports/2005/12/the-truth-about-fema-analysis-and-proposals>.

Table 1. FEMA Budget Growth since 9/11

Fiscal Year	FEMA Budget (dollars)
2002	\$4.6B
2003	\$5.1B
2004	\$5.5B
2005	\$5.0B
2006	\$4.8B
2007	\$8.7B
2008	\$9.7B
2009	\$10.2B
2010	\$10.4B
2011	\$10.4B
2012	\$14.1B
2013	\$14.2B
2014	\$13.1B
2015	\$14.4B

Results exclude supplemental funding and rescissions, and include mandatory flood insurance. After U.S. Department of Homeland Security, “DHS Budget,” accessed May 7, 2015, <http://www.dhs.gov/dhs-budget>.

The Emergency Food and Shelter (EFS) National Board Program provides a good example of a non-HLS function in the face of increasing HLS demands. Officially launched in 1987, the EFS Program was designed to “supplement and expand ongoing efforts to provide shelter, food and supportive services for hungry and homeless people across the nation.”⁶⁰ The Program’s origins are interesting: In the winter of 1980, the Chief of Compliance for the Department of Energy noted a \$4 million surplus of interest on negotiated payments from several oil companies. He proposed that the funds be used to assist families facing large heating bills that winter, and contacted a number of charities including the Salvation Army, Catholic Charities USA, the Council of Jewish Federations, and the American Red Cross. The funds were disbursed, and interest in

⁶⁰“Emergency Food & Shelter Program Fact Sheet,” Federal Emergency Management Agency, accessed May 7, 2015, <https://www.fema.gov/recovery-directorate/emergency-food-shelter-program-fact-sheet>.

establishing a recurring program grew. EFS services were funded as a temporary measure for several years before being officially authorized in 1987. A national board, chaired by FEMA, was established to achieve the Program’s goals.⁶¹

The problems of chronic hunger and homelessness continue to plague the United States. Demands for both food and shelter are a recurring discussion topic at the annual U.S. Conference of Mayors; the most recent report noted a spike in demand in a number of U.S. cities.⁶² Services provided through the EFS program vary according to the city’s rate of unemployment and other factors; and while the Program has continued to receive funding from FEMA, the level of support has in no way kept pace with the growth of FEMA’s budget, and in fact has gradually decreased (see Table 2).

Table 2. EFS Funding Levels, 2004–2015

Fiscal Year	Funding of Emergency Food and Shelter program within FEMA Budget (dollars)
2004	\$152M
2005	\$153M
2006	\$151M
2007	\$151M
2008	\$153M
2009	\$200M
2010	\$200M
2011	\$120M
2012	\$120M
2013	\$114M
2014	\$120M
2015	\$120M

After U.S. Department of Homeland Security, “DHS Budget,” accessed May 7, 2015, <http://www.dhs.gov/dhs-budget>.

⁶¹Francis McCarthy, *The Emergency Food and Shelter National Board Program and Homeless Assistance* (CRS Report No. R42766) (Washington, DC: Congressional Research Service, 2012), <http://www.fas.org/sgp/crs/homsec/R42766.pdf>, 2–4.

⁶²Niraj Chokshi, “City hunger and homelessness, in 10 charts,” *Washington Post*, accessed May 9, 2015, <http://www.washingtonpost.com/blogs/govbeat/wp/2014/12/12/city-hunger-and-homelessness-in-10-charts/>.

As in previous fiscal years, the FY2016 President’s Budget request proposed transferring the EFS program to the Department of Housing and Urban Development (HUD) “in order to better align it with the homeless assistance programs within that department.”⁶³ At its inception, EFS funds were disbursed to the national and local charities with which FEMA already had established relationships, and therefore the “pilot” program began under FEMA, but HUD was also expected to have an interest in the EFS Program.⁶⁴ Thus, there is precedent to shift the function, but a larger conversation about the services is warranted.

Objectively, the legacy non-HLS security EFS Program has been diminished in comparison to expanded FEMA functions, but this may not be readily apparent to congressional staffers or OMB budget examiners. There is insufficient distinction between HLS and non-HLS functions within the DHS BIB or the President’s Budget to fully assess support for programs like EFS. While it *may* be well aligned with similar services within HUD, Congress should revisit the entire \$120 million program, which was started as a one-time disbursement of \$4 million in excess interest payments.⁶⁵ If this non-HLS program is evaluated in the light of day, Congress can validate the program, strike it from FEMA’s responsibilities and move it elsewhere, or discontinue it.

2. Federal Law Enforcement Training Center

The Federal Law Enforcement Training Center (FLETC) (see Figure 3 for representative images) was established in 1970 to provide Federal law enforcement officers with high-quality, standardized training. Originally established within the Department of Treasury, FLETC was transferred to DHS in March 2003. In addition to the main campus in Glynco, Georgia, there are four other FLETC facilities.⁶⁶

⁶³ McCarthy, “Emergency Food and Shelter.”

⁶⁴ Ibid., 2.

⁶⁵ Ibid.

⁶⁶ “FLETC History,” Federal Law Enforcement Training Centers, accessed May 14, <https://www.fletc.gov/fletc-history>.

Figure 3. FLETC Campus and Shooting Range



Photos from Right Speak, <http://www.rightspeak.net/2014/06/feds-will-house-illegals-at-border.html>; and Wikimedia Commons, https://commons.wikimedia.org/wiki/File:CGIS_Firearms_Training.jpg.

At the time of its transfer to DHS, FLETC’s legacy missions focused on three “major client groups” for which the Center provided training courses and practical exercises—including federal agencies with law enforcement responsibilities, state and local law enforcement entities, and international law enforcement agencies.⁶⁷ These missions were readily adaptable to an increased HLS support mission following 9/11, with few if any functions that could be characterized as non-HLS. FLETC’s training courses and capacity have adapted to serve a wider range of law enforcement professionals, but its basic function has changed little. In fact, FLETC’s current mission statement underscores the consistency of purpose since its transfer into DHS:

FLETC’s mission is to train those who protect the homeland. FLETC’s federally accredited law enforcement training programs constitute a source of career-long training for the worldwide law enforcement community, which enables officers and agents to fulfill their responsibilities safely and proficiently. FLETC’s contributions to law enforcement training research, management, and curriculum development help foster the continued professionalism of law enforcement. Well-prepared law enforcement officers and agents are able to operate more safely and effectively. This ultimately leads to a safer and more secure American public.⁶⁸

⁶⁷U.S. Department of Homeland Security, *Budget in Brief Fiscal Year 2005*, 42, (2005), http://www.dhs.gov/xlibrary/assets/FY_2005_BIB_4.pdf.

⁶⁸U.S. Department of Homeland Security, *Budget in Brief Fiscal Year 2016*, 100.

While FLETC's core functions may arguably be considered wholly supportive of homeland security, a change in the agency's budget exhibits makes it difficult to track a given function or emphasis area. For example, "Program Area State and Local Law Enforcement Training" was recorded as a separate line item in the FY2005 budget, as was "Program Area International Law Enforcement Training," among a total of ten budget categories.⁶⁹ By FY2009, the budget categories had been reduced to only three categories, "Law Enforcement Training," "Accreditation," and "Emergency," and the FY2016 BIB has only two (even less specific) categories: "Salary and Expenses" and "Acquisition, Construction, Improvements, and Related Expenses."⁷⁰ Thus, while some of FLETC's specific legacy functions may have been non-HLS related, perhaps in support of local law enforcement non-HLS goals, the existing DHS component and OMB budget exhibits do not facilitate the tracking of such expenditures. Certainly there has been controversy concerning the funding for some recent FLETC activities; in August 2014, the Artesia, New Mexico site was used to temporarily house more than 600 Central American women and children who had been detained during the 2014 surge of illegal immigrants at the U.S. southern border.⁷¹ Hundreds of protestors lined the sidewalks outside the campus, some in support of the immediate release and granting of asylum for the detainees, others advocating for their deportation. Such explicitly HLS activities may have been performed at the expense of local law enforcement support functions, but it is not obvious from FLETC's budget exhibits. Ultimately, the same decisions may be made regarding the relative support for HLS and non-HLS activities, but the distinction should be clear and the discussion as transparent as possible.

⁶⁹U.S. Department of Homeland Security, *Budget in Brief: Fiscal Year 2005*, 44.

⁷⁰U.S. Department of Homeland Security, *Budget in Brief: Fiscal Year 2009*, 51; *Fiscal Year 2016*, 102.

⁷¹Zack Ponce, "Hundreds Line Sidewalk Outside of FLETC in Dual Marches Over Immigration," *Carlsbad Current* August 17, 2014. <http://search.proquest.com/docview/1553761069?accountid=12702>.

3. U.S. Citizenship and Immigration Services

Formerly part of the U.S. Immigration and Naturalization Service (INS), the U.S. Citizenship and Immigration Services (USCIS) was created as a separate entity by the Homeland Security Act of 2002, and took over immigration services as part of DHS in 2003 (see Figure 4 for representative images). Some of USCIS' primary functions include processing immigration documents, interviewing refugee applicants, and promoting "flexible and sound" immigration policies.⁷² Many of these functions, if not all, could be characterized as HLS related, though at least one activity is more akin to citizenship business operations. Less focused on security than fraud, the function of preventing the fraudulent use of immigration benefits featured prominently in the original USCIS budget; the objective to "prevent ineligible individuals from receiving immigration benefits" also appeared in the agency's description shortly after it merged with DHS.⁷³ This function is less apparent and not explicitly noted in the 2015 mission statement: "USCIS will secure America's promise as a nation of immigrants by providing accurate and useful information to our customers, granting immigration and citizenship benefits, promoting an awareness and understanding of citizenship, and ensuring the integrity of our immigration system."⁷⁴ With the political and public interest in immigration and services offered to illegal immigrants, resources devoted to fraud investigation may vary.

⁷²"About Us," U.S. Citizenship and Immigration Services, accessed May 15, 2015, <http://www.uscis.gov/aboutus>.

⁷³U.S. Department of Homeland Security, *Budget in Brief Fiscal Year 2005*, p. 40.

⁷⁴ "About Us," U.S. Citizenship and Immigration Services.

Figure 4. USCIS Facility and Clients



Photos from Wikimedia Commons, https://commons.wikimedia.org/wiki/File:U.S._Citizenship_and_Immigration_Service.jpg, and *Latin Post*, <http://www.latinopost.com/articles/7805/20140821/immigration-reform-2014-president-obama-reportedly-considering-green-card-change.htm>.

Although USCIS stated that it assisted “public benefit-granting agencies” at the federal, state, and local level “in ensuring that only qualified applicants receive public benefits and licenses,” the Agency may have unduly relied on technology—namely, on Systematic Alien Verification for Entitlements (SAVE). SAVE is a web-based program under which non-citizens seeking benefits present an immigration document (permanent resident card, employment authorization, etc.), which is compared to federal immigration records. The benefit-granting agency can then make an informed decision about whether or not to grant benefits to the applicant.⁷⁵ However, a lower-tech, more labor-intensive (and thus more expensive) review of applications would also be of use to USCIS; court records show that the Anaheim, California USCIS asylum office processed literally hundreds of “mass produced” and fraudulent applications for asylum over the course of ten years (2000–2010). In that case, USCIS employees received hundreds of applications from only three different addresses, and many applications contained the exact same nonsensical verbiage, e.g. “There are no hopeless [sic] so I decided to escape China,” or

⁷⁵“SAVE At-A-Glance for Agencies,” United States Citizenship and Immigration Services, accessed May 15, 2015, http://www.uscis.gov/sites/default/files/USCIS/SAVE/AtAGlances_For_Agencies.pdf.

“I couldn't stand their tortured [sic].”⁷⁶ The fraud perpetrators were eventually convicted of their crimes, but this case illustrates the limitations of a static system such as SAVE—applications may have been compared to federal immigration records, but detecting the fraud required a more intuitive, comprehensive review. That level of review would have involved more people resources and therefore more funding, but the existing budget documents do not allow for a straightforward analysis of the funding spent on the fraud investigation function.

The budget exhibits for USCIS have been modified over the years; in FY2005, the budget categories included “Immigrant Services,” “Nonimmigrant Services,” “Citizenship Services,” “Asylum/Refugee Services,” and “Backlog Initiative.” For FY2016, the categories include “Salaries and Expenses,” “Immigration Examinations,” “Fraud Prevention and Detection,” and “H1B Non-Immigrant Petitioner.” Although the legacy functions of INS that transitioned to USCIS do not appear to include any overtly non-HLS security activities, it would not be possible to trace the funding that directly supported the prevention fraudulent use of immigration benefits, for example.

4. Customs and Border Protection

Customs and Border Protection (CBP) was established and became part of DHS in March 2003; many of the agency’s employees and senior leadership had previously been part of the U.S. Customs Service. From the beginning of its inclusion in DHS, CBP’s primary focus was on ensuring the integrity of the nation’s boundaries and ports of entry; other legacy functions included immigration and agriculture inspections, and border patrol (see Figure 5).⁷⁷

⁷⁶David North, “Court Records Show Massive USCIS Neglect in Chinese Asylum Cases,” *Center for Immigration Studies*, May 14, 2014, <http://cis.org/north/court-records-show-massive-uscis-neglect-chinese-asylum-cases>.

⁷⁷U.S. Customs and Border Protection, “CBP Through the Years,” accessed May 16, 2015, <http://www.cbp.gov/about/history>.

Figure 5. Customs and Border Protection Activities



Photos from TRBusiness, <http://www.trbusiness.com/regional-news/international/us-steps-up-foreign-preclearance/66494>; and *Vice News*, <https://news.vice.com/article/us-border-patrol-caught-more-non-mexicans-than-mexicans-for-the-first-time-ever-in-2014>.

CBP is one of the largest DHS components, and the agency's budget has more than doubled in the post-9/11 era. Table 3 reflects the agency's budget growth; FY2004 and FY2016 BIB exhibits are available in the Appendix.

Table 3. CBP Budget Growth, 2003–2014

Fiscal Year	CBP Enacted Budget (dollars)
2003	\$2.3B (total for Customs Service)
2004	\$4.9B (hereafter as CBP)
2005	\$5.3B
2006	\$6.8B
2007	\$6.4B
2008	\$7.9B
2009	\$9.8B
2010	\$10.1B
2011	\$9.9B
2012	\$10.2B
2013	\$9.9B
2014	\$10.8B

Discretionary funding; exclusive of supplemental funding and rescissions. After U.S. Department of Homeland Security, "DHS Budget," <http://www.dhs.gov/dhs-budget>.

The changing structure of CBP accounts for some of the growth; the U.S. Customs Service's air and marine assets, originally shifted to Immigrations and Customs Enforcement (ICE) after the formation of DHS, were moved into CBP in January 2006.⁷⁸ Evolving mission requirements have contributed to the growth as well—the number of border patrol agents has more than doubled in response to increased mission demands.⁷⁹ As with other DHS components, the categories displayed in CBP's annual budget have been revised over the years, and it is not possible to track expenditures on functions that do not directly align with DHS' original terrorism prevention focus, such as agricultural inspections. With the overall increase in the CBP base budget, it would be reasonable to expect growth in the legacy agricultural inspection function, yet DHS has struggled in that area. A 2012 GAO report noted that

DHS has undertaken efforts to respond to GAO's recommendation to develop a national, risk-based staffing model but does not yet have one, and DHS anticipates that the model will recommend significant staffing increases. DHS officials told GAO they do not have the resources to increase staff, but the agency has not developed a plan that assesses the risk of potential fiscal constraints on its ability to implement the staffing model. Without a plan or strategy to address potential resource constraints on staffing by considering the fiscal resources that may realistically be available, DHS risks increasing the vulnerability of the agriculture sector to foreign pests and disease.⁸⁰

There is certainly no shortage of activity in the agricultural inspection function; the volume of agricultural imports in the post-9/11 years has increased significantly (see Table 6).⁸¹ While the inspection function is not performed entirely by CBP—duties are shared with the United States Department of Agriculture's (USDA) Animal and Plant Health Inspection Service—the growth curve has been steep. The USDA's Economic

⁷⁸Ibid.

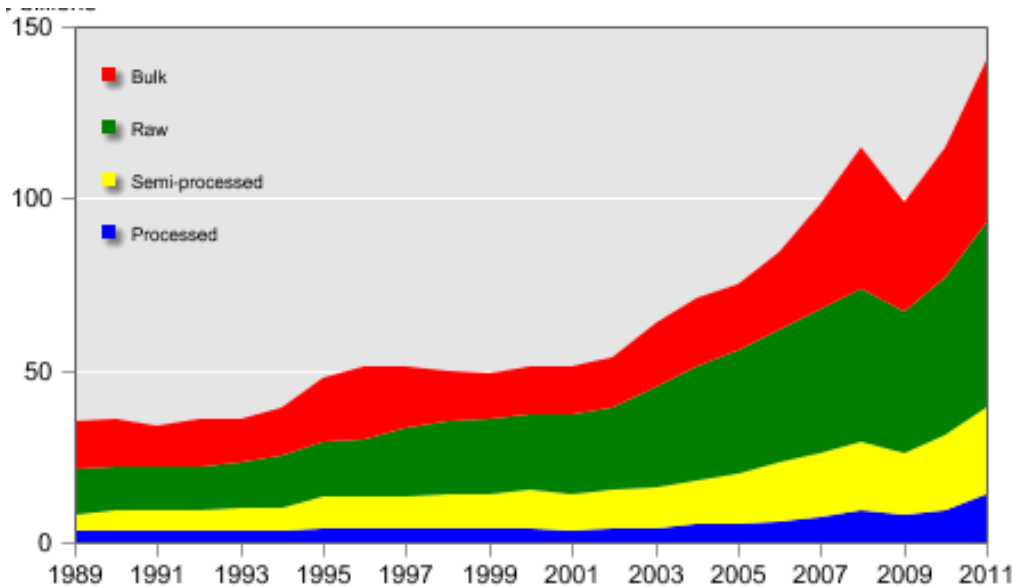
⁷⁹Jeh Johnson, "Fiscal Year 2015 Six Month Border Security Update Statement by Secretary Johnson," Homeland Security News, <http://www.dhs.gov/news/2015/04/24/fiscal-year-2015-six-month-border-security-update>.

⁸⁰U.S. Government Accountability Office, *Homeland Security: Agriculture Inspection Program Has Made Some Improvements, but Management Challenges Persist* (GAO-12-885) (Washington, DC: Government Accountability Office, 2012), <http://www.gao.gov/products/GAO-12-885>.

⁸¹U.S. Department of Agriculture, Economic Research Service, *Imports*, <http://www.ers.usda.gov/topics/international-markets-trade/us-agricultural-trade/imports.aspx>.

Research Service reports, “All U.S. agricultural import groups have continued to grow since 1990 (see Figure 6). By far the largest U.S. agricultural imports are horticultural products, which since 2002 have accounted for about half of all U.S. agricultural imports.”⁸²

Figure 6. Increase in U.S. Import of Bulk Products



Dollars in billions. Bulk products include grains, oilseeds, cotton, and tobacco; raw includes live animals, fresh fruits and vegetables, nuts, and nursery products; semi-processed includes fats, hides, feeds, fibers, flour, meals, oils, and sugar products. Processed includes meat, milk, grain, products, processed fruits and vegetables. From U.S. Department of Agriculture, Economic Research Service, *Imports*, <http://www.ers.usda.gov/topics/international-markets-trade/us-agricultural-trade/imports.aspx>.

CBP lists agricultural inspection among its achievements, but without some means of tracking the overall percentage of the budget or other “focus metric” (and

⁸² U.S. Department of Agriculture, Economic Research Service, *Imports*, <http://www.ers.usda.gov/topics/international-markets-trade/us-agricultural-trade/imports.aspx>

despite the accomplishments noted by CBP), the inspection function may well have languished in comparison to more traditional homeland security activities.⁸³

5. U.S. Coast Guard

The U.S. Coast Guard is the only military agency within DHS; its history stretches back to the establishment of the Revenue Cutter Service in 1790. Charged primarily with maritime safety, security, and environment stewardship duties, the Coast Guard became part of DHS in March 2003 and retained a number of legacy non-HLS functions, such as search and rescue (SAR), aids to navigation (ATON), and living marine resources (LMR) (see Figure 7 for representative images).

Figure 7. Coast Guard Cutter and Boat



Photos from United States Coast Guard, http://www.uscg.mil/csc/ships_stores.asp; and Cost Guard Reserve, <http://www.gocoastguard.com/>.

As with some other DHS components, the Coast Guard experienced significant budget growth following 9/11. Organizational changes and increased homeland security responsibilities account for much of the growth. Table 4 reflects the agency’s budget growth; FY2004 and FY2016 BIB exhibits can be found in the Appendix.

⁸³The FY 2015 DHS Budget-in-Brief includes the statement “CBP agriculture specialists seized 1.6 million prohibited plant materials, meat, and animal byproducts in FY 2013, and intercepted nearly 161,000 pests at POEs,” a relatively modest note compared to the accomplishments listed for what is termed the “primary security mission” of CBP, 45, accessed May 23, 2015, <http://www.dhs.gov/sites/default/files/publications/FY15BIB.pdf>.

Table 4. Coast Guard Budget Growth, 2004–2014

Fiscal Year	USCG Enacted Budget (dollars)
2004	\$6.9B
2005	\$7.8B
2006	\$8.7B
2007	\$8.8B
2008	\$9.3B
2009	\$10.1B
2010	\$11.2B
2011	\$10.5B
2012	\$10.7B
2013	\$10.5B
2014	\$10.4B

Discretionary funding; Exclusive of supplemental funding and rescissions. After U.S. Department of Homeland Security, “DHS Budget,” <http://www.dhs.gov/dhs-budget>.

Funding levels for two of the Coast Guard’s non-HLS functions, ATON and LMR, are displayed in Table 5.

Table 5. Coast Guard ATON and LMR Funding, 2004–2013

Fiscal Year	Funding of Aids to Navigation program within USCG Budget (dollars)	Funding of Living Marine Resources program within USCG Budget (dollars)
2004	\$953K	\$748K
2005	\$1.2B	\$740K
2006	\$1.1B	\$868K
2007	\$1.3B	\$972K
2008	\$1.2B	\$744K
2009	\$1.2B	\$816K
2010	\$1.2B	\$784K
2011	\$1.4B	\$985K
2012	\$1.6B	\$858K
2013	Discontinued as separate line item	Discontinued as separate line item

U.S. Department of Homeland Security, After “DHS Budget,” <http://www.dhs.gov/dhs-budget>.

Evidence suggests that the importance of USCG ATON and LMR activities did not diminish in the period between fiscal years 2004–2013. The significance of LMR and other Pacific Ocean sovereignty, economic, security, emergency response, and law enforcement concerns were underscored by the presence of USCG Commandant Paul Zukunft at the 2014 North Pacific Coast Guard Forum. During the high-profile event, a forum that includes senior maritime representatives from the United States, Canada, China, Russia, Japan, and Korea, Zukunft commented, “All six nations present at the forum conduct a combined operation on an annual basis that includes coordinated surveillance flights, sharing of information and law enforcement action against the environmentally caustic method of high seas driftnet fishing that slaughters marine mammals and exacerbates dwindling fish stocks in the North Pacific Ocean.”⁸⁴

Similarly, market factors impacting the Coast Guard’s ATON function continue in an upward trend. Even with advances in navigation technology and the availability of Global Positioning System (GPS) devices, mariners continue to rely on buoys, day boards, range markers, and other navigational aids. Recreational boaters may not have the experience to safely navigate without aids, or the resources to invest in sophisticated onboard systems; and the recreational boat market is in a growth cycle. During the period between 2002–2013, the sale of new outboard boats increased by 4.7%, even including a significant dip in sales from 2008–2011, during the height of the nationwide recession; new sales of motor-powered boats increased by 2.4% during the same time period.⁸⁵ The National Marine Manufacturers Association also noted,

With the start of a New Year, the U.S. recreational boating industry is estimating 2014 will see a 7–8 percent increase in sales of new powerboats with continued growth of an additional 5 percent in 2015 This is the industry’s third consecutive year of steady growth coming out of the recession....Another positive indicator for the industry is the record number of Americans getting on the water (89 million in 2013—the most recent figure available). What’s more, the industry has placed additional

⁸⁴Stephanie Young, “A Safe Secure North Pacific,” *Coast Guard Compass*, September 17, 2014, <http://coastguard.dodlive.mil/2014/09/a-safe-secure-north-pacific/>.

⁸⁵2013 Recreational Boating Statistical Abstract, *National Marine Manufacturers Association*, accessed May 24, 2015, <http://www.nmma.net/assets/cabinets/Cabinet453/2013-US-Recreational-Boating-Statistical-Abstract-Preview.pdf>.

focus on introducing boats for a variety of budgets, offering attractive entry points for the boating lifestyle.⁸⁶

LMR and ATON thus appear to be important legacy non-HLS Coast Guard activities that the Homeland Security Act specifically requires not be diminished. Yet LMR and ATON budget allocations have in no way kept pace with the overall growth of the Coast Guard's funding, and have been discontinued as separate budget line items in the DHS BIB. Even if the increase in the Coast Guard's budget from 2003–2014 was largely due to increased HLS activities, there is no easy way to discern the relative allocation of HLS and non-HLS expenditures in the existing budget exhibits. As with other legacy component activities, a deliberate decision should be made about whether or not to curtail spending on non-HLS functions, and such a decision cannot be made without accurately attributable budget data.

6. U.S. Secret Service

The U.S. Secret Service (USSS) was originally created in 1865 to suppress counterfeit currency. The agency began providing “informal” part-time protection of the President of the United States in 1894, and full-time protection following the assassination of President McKinley in 1901. The agency's responsibilities were later expanded to include “detecting persons perpetrating frauds against the government.”⁸⁷ By the time the USSS became part of DHS in 2003, its missions were to “ensure the security of our President, our Vice President, their families, the White House, the Vice President's Residence, national and visiting world leaders, former Presidents, and events of national significance. The Secret Service also protects the integrity of our currency and investigates crimes against our national financial system committed by criminals around the world and in cyberspace” (see Figure 8 for representative images).⁸⁸

⁸⁶“Boat Sales Ride a Rising Tide into 2015,” National Marine Manufacturers Association, accessed May 24, 2015, <http://www.nmma.org/press/pressreleaselibrary/pressrelease.aspx?id=19597>.

⁸⁷“Secret Service History,” United States Secret Service, accessed May 24, 2015, <http://www.secretservice.gov/history.shtml>.

⁸⁸“Mission Statement,” United States Secret Service, accessed May 24, 2015, <http://www.secretservice.gov/mission.shtml>.

Figure 8. USSS' Dual Missions: Personnel and Currency Protection



Photos from Observer, <http://observer.com/2015/01/four-secret-service-executives-fired-stunning-and-already-shaken-agency/>; and U.S. Secret Service, http://www.secretservice.gov/money_features.shtml.

The USSS has experienced modest budget growth in the years since its movement into DHS. As with other DHS components, line items in the USSS budget have been revised; for FY2004, there were only two categories, “Protection,” and “Investigations” (see Appendix). By contrast, the FY2015 budget categories were “Operating Expenses,” and “AC&I” (funds for Acquisition, Construction, and Improvements). Although the investigation of currency fraud would seem to be an important legacy function of the USSS, it is unclear which portions of the investigative services are considered homeland security in nature, and such functions are not readily traceable through the USSS budget submissions or OMB budget documents. Table 6 reflects the agency’s budget growth; FY2004 and FY2016 BIB exhibits can be found in the Appendix.

Table 6. USSS Budget Growth, 2004–2014

Fiscal Year	USSS Enacted Budget (dollars)
2004	\$1.3B
2005	\$1.4B
2006	\$1.4B
2007	\$1.5B
2008	\$1.4B
2009	\$1.4B
2010	\$1.5B
2011	\$1.5B
2012	\$1.7B
2013	\$1.6B
2014	\$1.6B

Discretionary funding; Exclusive of supplemental funding and rescissions. U.S. Department of Homeland Security, “DHS Budget,” <http://www.dhs.gov/dhs-budget>.

Following the well-publicized “White House fence jumper” incident in 2014, in which an individual scaled the fence onto the North Lawn and ultimately into the White House itself, the House Committee on Oversight and Government Reform directed the formation of the “United States Secret Service Protective Mission Panel.” This panel was responsible for reviewing the findings of the DHS Mayorkas report and undertaking “a broader review of the Secret Service’s protection of the White House compound.”⁸⁹ The Panel made a number of observations and recommendations regarding the USSS organization, responsibilities, and culture. While the Panel was to specifically review the protective mission, it examined more general USSS elements, including its culture, training, administration and budgeting functions, and compliance with previous report recommendations. It is notable that the currency investigative function was never even

⁸⁹U.S. House of Representatives Committee on Oversight and Government Reform, “United States Secret Service Protective Mission Panel,” accessed May 25, 2015, <http://oversight.house.gov/wp-content/uploads/2015/02/USSSPMP-Testimony-House-OGR-2-12-15.pdf>. This document is a summary of the full testimony.

mentioned in the Panel's written congressional testimony, while the primacy of the protective function was repeatedly underscored:

The next director also needs to help the Secret Service be clear about its priorities, and there should be no doubt about what comes first. The agency exists to protect the President and its other very high-level protectees Put simply, the Service does not have systems in place to make the most prudent budgeting choices. Like so many agencies, the Service has, for years, looked at its base budget and tried to ballpark how much more it might be able to get through the OMB and congressional processes.⁹⁰

Among the specific recommendations made by the Panel was: "Present a zero-based or mission-based budget that will provide sufficient resources to accomplish its mission, beginning immediately by working within DHS to adopt a workforce staffing model: The Service must build a new budget from the ground up by defining its mission, determining what it will take to achieve it, and asking for that. The mission is important enough to justify that approach."⁹¹

While the Panel's focus was correctly directed on the protective mission of the USSS given the nature of the investigation, it is worth noting that the currency protection function did not even rate a mention. In fact, during the Q&A portion of the testimony, a panel member remarked that "protecting the financial system of the United States *is a massive endeavor if there aren't bounds and limits put on it* [emphasis added]. And it is likely the case—and we think this is important because it also flows through the budgeting and personnel issues there has to be a very hard, good-faith look at whether or not investigative functions enhance the ability to protect or distract."⁹² This comment was made in response to a question from a congressional member: "We are all focused on the protection of our senior officials in government and dignitaries who may visit the United States, but they have got a dual mission. And the question is, is that now, frankly, a problem for the Secret Service? They are having trouble with the paramount mission

⁹⁰Ibid., 6.

⁹¹Ibid., 9.

⁹²Ibid., 68, <http://oversight.house.gov/wp-content/uploads/2015/02/2015-02-12-FC-USSS.GO043001.pdf>this document contains the full hearing transcript, so the pdf has a different Internet address.

you have identified. Maybe it is time to re-examine whether this dual mission thing makes sense any longer, especially since we moved them out of Treasury.”⁹³ Though perhaps stated in an offhand manner, this question was very important; it speaks to the deliberate requirement that Congress put in place in the Homeland Security Act of 2002, that legacy non-HLS functions not be neglected or diminished. An answer in line with the act would be “Yes!” Agencies performing legacy non-HLS activities should be reviewed on a regular basis, and those functions validated, shed, or potentially moved to another agency or department.

D. NON-DHS SAMPLES

1. Department of the Interior

Similar to DHS, the Department of the Interior (DOI) has a broad diversity of functions (see Figure 9 for representative images). Created in 1849 as the “Home Department,” DOI initially consolidated the General Land Office, the Patent Office, the Indian Affairs Office, and the military pension office. Additional functions were expanded to “include the census, regulation of territorial governments, exploration of the western wilderness, and management of the Washington, DC jail and water system.”⁹⁴

⁹³Ibid., 61.

⁹⁴“History of Interior,” U.S. Department of the Interior, accessed June 13, 2015, <http://www.doi.gov/whoweare/history.cfm>.

Figure 9. Varied Responsibilities for the Department of the Interior



Photos from *Las Vegas Review-Journal*, <http://www.reviewjournal.com/news/blm-interior-department-targeted-lawsuit-over-wild-horses>; and Eagle Ford Shale Blog, <http://eaglefordshaleblog.com/2012/04/13/karnes-county-eagle-ford-shale-photos/>.

Functions and offices have been added to or taken away from DOI over the years, which was considered “something of a ‘kitchen sink’ department where various agencies were placed to address domestic matters of one kind or another. As a result, Interior was known during its early years as the ‘Department of Everything Else.’”⁹⁵ As with DHS, DOI has a number of component agencies:

- Bureau of Land Management
- Bureau of Ocean Energy Management
- Bureau of Safety and Environmental Enforcement
- Office of Surface Mining Reclamation and Enforcement
- Bureau of Reclamation

⁹⁵“History,” U.S. Department of the Interior, accessed June 13, 2015, <http://www.allgov.com/departments/department-of-the-interior?detailsDepartmentID=576>.

- U.S. Geological Survey
- Fish and Wildlife Service
- National Park Service
- Bureau of Indian Affairs⁹⁶

The budget submissions prepared by DOI for the Office of Management and Budget (OMB) include line items specific for each component agency, such as “Land Resources” within the Bureau of Land Management, or “Environmental Protection” within the Office of Surface Mining Reclamation and Enforcement, but the budget submissions also include some categories that apply to most or all of the component agencies, including “General Support Services” and “Executive Direction.” DHS may benefit from a similar consistency within the appropriation categories among its components.

Having existed as a government entity for over 160 years, DOI has had time to integrate its own legacy component offices and agencies (e.g. Bureau of Land Management, U.S. Geological Survey, etc.), consolidate and refine its missions, and develop a clear message. Stating that “the Department of the Interior’s mission affects the lives of all Americans,” DOI roughly buckets its functions into stewardship of the nation’s lands, oversight of the development of 21 percent of U.S. energy supplies, supply and management of water in the 17 western states, maintenance of relationships with 566 federally recognized tribes, and services to more than two million American Indian and Alaska Native peoples.⁹⁷ As DHS—a “baby” among Cabinet-level entities—continues to mature, the Department may similarly tighten its focus around a more specific definition of “homeland security.”

⁹⁶U.S. Department of the Interior, *FY 2016 Budget in Brief*,(2015), <http://www.doi.gov/budget/appropriations/2016/highlights/index.cfm>.

⁹⁷ U.S. Department of the Interior, *FY 2016 Budget in Brief*,(2015), “Departmental Overview,” <http://www.doi.gov/budget/appropriations/2016/highlights/upload/DH005.pdf>. DOI manages one-fifth of the nation’s landmass and 1.7 billion acres offshore, together providing over 20 percent of the nation’s domestically produced energy. DOI and the Department of Energy work together on a number of energy-related initiatives, particularly research and development of new technologies.

In a recent partnership with DHS, the DOI has already proven that its processes are suitable to benchmark. In November 2014, the DOI Business Center hosted a kickoff meeting for a three-year financial modernization program, with a goal “to implement the United States Coast Guard (USCG), the Transportation Security Administration (TSA), and the Domestic Nuclear Detection Office (DNDO) on a shared services solution that will enable the three DHS Components to perform financial, procurement, and asset management activities.”⁹⁸ The DOI Business Center itself “offers financial management and business solutions to a variety of federal customers at the Department of the Interior and throughout the government,” and has impressive credentials: the Center was authorized by OMB in 2004 as a shared services provider in the Financial Management Line of Business, and was recertified by the Treasury’s Financial Innovation and Transformation Office in 2014.⁹⁹

Given DOI’s successful integration of component agencies, clear representation of diverse missions, and commendable business practices, the department may provide useful processes or procedures for DHS to benchmark.

2. Department of Commerce

As with DHS and DOI, the Department of Commerce (DOC) was formed from component agencies and has a variety of functions, some directly related to promoting American business, others less clearly related (see Figure 10). Originally established in 1903 as the Department of Commerce and Labor, it was renamed the U.S. Department of Commerce in 1913, with responsibility to “foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, and fishery industries of the United States.”¹⁰⁰

⁹⁸ U.S. Department of the Interior, “News Release: Interior Business Center Partners with Department of Homeland Security to Support Financial System Modernization,” November 2014, <http://www.doi.gov/ibc/aboutus/News/ibc-dhs.cfm>.

⁹⁹ “Financial Management: Overview,” U.S. Department of the Interior, accessed June 14, 2015, <http://www.doi.gov/ibc/services/finance/index.cfm>.

¹⁰⁰ “FY2014 Agency Financial Report,” U.S. Department of Commerce, accessed June 16, 2015, http://www.osec.doc.gov/ofm/docfy2014afr_508version.pdf.

Figure 10. Varied Responsibilities for the Department of Commerce



Photos from NOAA Fisheries, <http://www.nmfs.noaa.gov/>; and United States Department of Commerce, <http://2010-2014.commerce.gov/blog/2011/07/29/public-computer-centers-helping-los-angeles-job-seekers>.

Certain scientifically oriented agencies were also transferred to the Department at its 1903 formation, including the Bureau of Fisheries and Coast and Geodetic Survey; others were added with the formation of the National Oceanic and Atmospheric Administration (NOAA) in 1970. NOAA itself combined the Bureau of Commercial Fisheries, Weather Bureau, Coast and Geodetic Survey, Environmental Data Service, National Oceanographic Data Center, National Satellite Center, and Research Libraries.¹⁰¹ It is notable that the department operated for its first ten years with a combination of labor and commerce functions, but was divested of labor after Congress and the President recognized value in the separation, such that DOC could better focus on promoting business.¹⁰² As a new department, DHS could also benefit from such organizational introspection and a congressional review of its mixed functions.

Characterized today as holding “something of an odd mix of responsibilities,” the Department of Commerce

gathers economic and demographic data to measure the health and vitality of the economy, promotes U.S. exports, enforces international trade agreements, and regulates the export of sensitive goods and technologies. Commerce also issues patents and trademarks, protects intellectual property, forecasts the weather, conducts oceanic and atmospheric research, provides stewardship over living marine resources, develops and

¹⁰¹“NOAA History: A Science Odyssey,” National Oceanic and Atmospheric Administration, accessed June 16, 2015, http://www.history.noaa.gov/legacy/time1900_2.html.

¹⁰²“Department of Commerce,” AllGov, accessed July 9, 2015, <http://www.allgov.com/departments/departments-of-commerce?detailsDepartmentID=566>.

applies technology, measurements and standards, formulates telecommunications and technology policy, fosters minority business development, and promotes economic growth in distressed communities.¹⁰³

In its budget exhibits, the DOC delineates its major core functions with broad descriptors including business-focused goals such as Promoting Trade and Investment and Spurring Innovation, and other goals such as Fueling a Data-Driven Economy, and Gathering and Acting on Environmental Intelligence.¹⁰⁴ As with DOI, the DOC has had sufficient time to mature as a department and clearly distinguish its diverse functions. The Department has also demonstrated excellent financial management; although DOC received significant deficiencies regarding necessary improvements in two areas in 2014, it nevertheless achieved an “unmodified” audit CFO opinion for the past sixteen years.¹⁰⁵

Given DOC’s clear distinctions between its direct support for business activities and more scientifically based functions, and the department’s demonstrated financial management expertise, DOC may provide useful practices for DHS to emulate.

¹⁰³Ibid.

¹⁰⁴U.S. Department of Commerce, *Budget in Brief Fiscal Year 2016*.

¹⁰⁵U.S. Department of Commerce, “FY2014 Agency Financial Report,” accessed June 16, 2015, http://www.osec.doc.gov/ofm/docfy2014afr_508version.pdf. An unmodified opinion is the gold standard for audit opinions and is granted only when the auditors have reasonable assurance that the statement fairly presents the budget activity for the reporting period in all material respects.

IV. ANALYSIS AND POLICY RECOMMENDATIONS

A. DATA ANALYSIS

This research began with two questions: “Can DHS components’ budget documents be prepared such that funding allocated to HLS and non-HLS functions is separate and distinct, such that the diminishing or neglect of legacy functions is evident?” and “Has DHS funding favored HLS functions over non-HLS functions?” During the course of the research, an underlying and important additional question emerged: “Just what is considered a homeland security function?” Although fully addressing the latter question is beyond the scope of this research, it may be suitable for further academic examination—it is certainly being debated within political and media arenas. Nevertheless, the issue of homeland security versus non-homeland security functions is central to this research, and (despite its backseat focus in this thesis), informed the alternative courses of action and criterion selection.

The collected data was drawn from *publicly* available information on appropriated funding; each component undergoes its own internal planning and budgeting process to submit to DHS, and those deliberations and tradeoffs are not a matter of public record. There may have been more or better examples of the give-and-take between HLS and non-HLS funding, but those examples that were presented demonstrate a trend toward consolidating budget categories, which makes tracking specific activities more difficult. The DHS budget has also shown, despite the congressional mandate, neglect toward non-HLS activities; while “Ensuring Non-Homeland Activities” rated a separate section in the FY2004 BIB, there is no discussion of non-HLS activities within the FY2016 BIB, even within the sections for components that still perform legacy functions.

While the non-DHS examples, selected for potential benchmark opportunities, underwent similar steps in their creation—combining multiple legacy agencies into one and refining their mission in subsequent years—those departments had the relative luxury of doing so in a environment not yet driven by the 24-hour news cycle or transparent technology (i.e., no Internet or home computers). In the full glare of the contemporary

media and the court of public opinion, the DHS secretary's responsibilities go beyond addressing immediate needs on the ground. DHS may have been working on a long-term strategic plan regarding border security, but it was upended by the unexpected appearance of thousands of unaccompanied minors on the southwest border. Previously unknown culture and leadership challenges within a component may suddenly erupt with a series of security and ethical lapses, grabbing public interest and leading to demands for immediate action.¹⁰⁶ For example, immigration policy—a contentious and sensitive topic—can be abruptly brought to public attention if an illegal immigrant allegedly perpetrates an act of violence, again demanding immediate action.¹⁰⁷

Each crisis, real or perceived, brings additional pressure on the budget. Plans that may have been in place for years to expand a facility, develop a new capability, or continue taking deliberate steps toward a strategic goal may be essentially vacated by the tyranny of the present. Legacy functions are also at risk. In the face of competing demands, activities that had previously been performed by DHS component agencies, sometimes for many decades, may take a backseat to homeland security functions. This may be right and proper; times change, and so do the needs of a nation, but such decisions should be made deliberately and with the full knowledge and direction of Congress. It is against this backdrop that policy alternatives were developed.

B. POLICY ALTERNATIVES

As illustrated in Chapter III, the existing DHS component budget exhibits do not provide a sufficiently detailed distinction between HLS and non-HLS functions, and some discrete legacy non-HLS functions have had funding reduced or remain flat in the face of agency growth, which may be considered “diminishment or neglect” per the

¹⁰⁶Michael Shear, “Secret Service Chief Criticized in Congress Over Agents’ Latest Lapse,” *New York Times*, May 2015, http://www.nytimes.com/2015/03/18/us/politics/secret-service-chief-tells-congress-little-about-agents-accident.html?_r=0. The Director of the Secret Service faced sharp questioning from both parties in Congress regarding his agency’s handling of security lapses, particularly at the White House, and an incident regarding agents drunk on duty, driving into a barricade.

¹⁰⁷Judson Berger, “San Francisco Prosecutors Charge Illegal Immigrant with Killing Woman at Pier,” Fox News, July 2015, <http://www.foxnews.com/politics/2015/07/06/feds-fire-back-at-san-francisco-point-finger-at-city-for-releasing-suspected/>. An illegal immigrant living in the “sanctuary city” of San Francisco was free within the city limits despite a request by ICE to detain the individual. He has been accused of fatally shooting a tourist in the city.

Homeland Security Act of 2002. Other departments at the federal level that were created in a manner similar to DHS, and have similar diverse functions, have developed budget categories and business practices that may provide a way ahead for DHS. The following courses of action (COAs) are presented as alternatives to the existing DHS budget allocation practices.

(1) COA 1: Retain the Status Quo

DHS component agencies and offices would continue to submit their budget requests in the manner required by DHS, and the Department would continue to provide its existing input to OMB for preparation of the President's Budget and Analytical Perspectives. The practical guide "The Eightfold Path" advises the inclusion of a status quo COA as a first approach, primarily because "the world is full of naturally occurring, ongoing changes, some of which may mitigate, or worsen, the problem on which you are working."¹⁰⁸ In this case, DHS is subject to significant congressional oversight, and has been pressured to improve its management practices. The department itself has signaled its intention to "take the reins" in the DHS budget process, building a system similar to the Department of Defense's in order to "avoid overlaps and inefficiencies."¹⁰⁹ Evaluating DHS component legacy functions in accordance with the Homeland Security Act may be part of the process needed to identify DHS missions and objectives.

(2) COA 2: Modify Existing DHS Component Budget Submission Exhibits

DHS component agencies would revise budget line items, organize activities and sub-activities differently, or take other actions necessary to clearly delineate HLS from non-HLS functions within their agencies.

COA 2a: Conduct Pilot Study of COA 2

A pilot study of one or more DHS component budget submissions may yield valuable information regarding the consequences, costs, and usefulness of altering budget

¹⁰⁸ Bardach, *A Practical Guide for Policy Analysis*, 18.

¹⁰⁹ Zach Rausnitz, *Budget Process, DHS to Take the Reins from Component Agencies*, (Newton: Questex Media Group LLC, 2014).

submission information, the viability of non-homeland security activities that are being conducted, and options for the activities (i.e., continue to invest, shed, or shift to another agency or department).

(3) COA 3: Conduct Detailed Analysis of DHS non-HLS Functions

In this COA, DHS would leverage existing Department-wide analyses, including the Bottom-Up Review, intended to “align the Department's programmatic activities and organizational structure with the mission sets and goals identified in the QHSR.”¹¹⁰ This would help clearly identify the non-HLS functions being performed by its component agencies. This COA would require DHS to provide a sufficiently detailed definition of “homeland security functions” in order to receive consistent input. A practical initial list could be compiled by reviewing the budget information provided to OMB to populate the Homeland Security Funding Analysis portion of the President’s Budget “Analytical Perspectives.”

(4) COA 4: Outside Agency Benchmark Budget Processes

The Secretary of Homeland Security has stated that the Department of Defense budget process provides a model for DHS. Other departments, such as the Department of Interior or Department of Commerce, may also provide discrete examples of business practices that DHS may emulate. Although considerably smaller in size than DHS,¹¹¹ both departments have a similarly broad range of responsibilities. Both DOI and DOC have developed budget exhibits that clearly distinguish their differing core responsibilities, and both have demonstrated sound business management and auditability.

¹¹⁰Department of Homeland Security, *Bottom-Up Review*, November 13, 2012, <http://www.dhs.gov/bottom-review>.

¹¹¹The Department of Commerce has approximately 47,000 employees, the Department of Interior approximately 70,000. DHS has approximately 200,000 employees, the third largest Cabinet Department, after the Departments of Defense and Veterans Affairs. (Wikipedia, https://en.wikipedia.org/wiki/United_States_Department_of_Commerce and https://en.wikipedia.org/wiki/United_States_Department_of_the_Interior)

C. ESTABLISHING GOALS

The research set out to address a policy question: Can DHS components' budget documents be prepared in a way that demonstrates if funding allocated to HLS and non-HLS functions is separate and distinct, and if funding for legacy functions has been diminished or neglected? Any policy solution—which would modify existing processes—should meet certain goals; it is “broad, formal, long-term problem-solving achievements that are desired.”¹¹² Goals in this case should “first do no harm” and address the policy as simply and directly as possible. Regarding DHS allocation of funding to its components, goals for a policy modification should include:

1. A change in policy will allow for greater ease in distinguishing between HLS from non-HLS funding, including funding for unique capabilities within the DHS component agencies.
2. A change in policy will cause no decrease in efficiency or increase in funding requirements.
3. A change in policy will help DHS preserve unique capabilities or execute certain missions within DHS component agencies in the most cost-effective manner.

D. ESTABLISHING EVALUATIVE CRITERIA

With these goals in mind, criteria used to evaluate the policy alternatives included resource constraints, feasibility of implementation, adaptability, and political will to implement potential changes in DHS component budget formulation processes. The criteria were subsequently weighted to facilitate comparison.

(1) Resource Constraints

This criterion supports the broad goal that there should be **no increase in funding requirements**. The recent economic slowdown, including the sequestration of federal funding associated with the Budget Control Act of 2011, has resulted in budget constraints and difficult tradeoffs for DHS. A 2015 DHS Office of Inspector General (OIG) report noted that, while DHS was funded at nearly \$60B in FY2014, “resource

¹¹²California State University Long Beach, PPA 670 Policy Analysis, “Establishing Analysis Criteria,” accessed June 7, 2015, <http://web.csulb.edu/~msaintg/ppa670/p&sch5.htm>.

constraints necessitate greater unity of effort and should motivate DHS to mature into an entity that is greater than the sum of its parts.”¹¹³ Any policy change to DHS component budget processes must not exacerbate existing funding challenges, and ideally would result in increased efficiencies.

(2) Implementation Feasibility

This criterion supports the broad goal that there should be **no decrease in efficiency** within DHS. Several factors make implementing a policy change feasible, including the proposed change’s logic, the cooperation that it requires, and the availability of “skillful and committed people to manage its implementation.”¹¹⁴ The feasibility of any proposed policy change must be evaluated; the best-developed plan will remain nothing *but* a plan without a reasonable means of implementing it.

(3) Adaptability

This criterion supports the broad goal that there should be **no decrease in efficiency** within DHS. Any policy change should ultimately provide a benefit to the user groups and stakeholders, and not negatively impact efficiency. If the need for modifications becomes apparent as a policy change is being implemented, an unduly rigid plan may actually reduce the efficiency of the workgroup it intends to improve. Because “policies that emerge in practice can diverge, even substantially, from policies as designed and adopted,”¹¹⁵ the proposed policy change should allow sufficient implementation flexibility so that “rough patches” can be smoothed over or overlooked details can be corrected.

¹¹³Department of Homeland Security, Office of Inspector General, “Major Management and Performance Challenges Facing the Department of Homeland Security (Revised),” 23 February 2015, http://www.oig.dhs.gov/assets/Mgmt/2015/OIG_15-09_Feb15.pdf.

¹¹⁴ David Weimer and Aidan Vining, *Policy Analysis: Concepts and Practice* (Upper Saddle River, NJ, 2004), 275.

¹¹⁵Bardach, *A Practical Guide for Policy Analysis*, 42–43.

(4) Political Will

This criterion generally supports the broad goals that **it should be easier to distinguish HLS from non-HLS functions**, and it should **preserve unique or most cost-effective capabilities**. Though akin to feasibility, political interest in implementing a policy change in DHS component funding must be considered as a separate issue. Even if all the “mechanical” factors necessary to implement a policy change are in place, the change might not move forward if senior department officials or political figures oppose it—or are just not interested.

E. WEIGHTING THE EVALUATIVE CRITERIA

There are several approaches to establishing criteria’s weights: let the political or agency/customer process determine weight; incorporate the rights or legal requirements affected by the policy modification, as that will forward some solutions and disallow others; or let the analyst set the values, subject to later adjustment by the customer. Analysts may have an opportunity to “educate” senior decision makers and open a dialogue that will result in the final weighting.¹¹⁶ The latter approach was chosen for this research; having established the criteria that will be used to evaluate potential policy modifications, each criterion was assigned a weight factor, with all factors together totaling 1.

(1) Resource Constraints

As the federal government and DHS continue to grapple with a decremental budget environment, the DHS Secretary must have the ability to direct limited resources to the highest department priorities; any policy changes must minimize additional investments. In directing an additional 5% reduction in agencies’ FY2017 budget submissions, OMB stated, “All agencies should include sufficient funding for ongoing Presidential priorities and continue efforts to increase effectiveness and reduce fragmentation, overlap, and duplication. Your submission should include a separate section that identifies recommendations to this effect, both within your agency and across

¹¹⁶Ibid., 37–40.

programs administered jointly with other agencies.” Given the focus on budget reduction and increased efficiency, the value of this evaluative criterion is set at .3, or 30%.

(2) Implementation Feasibility

A February 2015 DHS Office of Inspector General (OIG) report noted the Department’s progress toward improving a number of management functions, including financial management. DHS has made progress in compliance with the CFO Act of 1990, and has launched a financial systems modernization initiative “to expand business intelligence capabilities and modernize financial systems. DHS reports that through this initiative it will be able to manage its resources better, provide enterprise-level information more quickly to support critical decision making, reduce system sustainment costs, and further the Department’s efforts to standardize business processes and data structures where possible.”¹¹⁷ As the Department has already invested significant effort to address its management challenges, including financial systems, it is imperative that any policy modification designed to better HLS and non-HLS functions be easily adapted to changes already planned. For this reason, the value of this evaluative criterion is set at .2, or 20%.

(3) Adaptability

Precisely because DHS is seriously addressing its management shortfalls and actively modifying its financial systems; any policy change must “survive” the planned improvements. As the financial systems’ modernization is planned and implemented, the recommended policy modification may be accomplished as part of the global changes. As the larger intent of the policy is to tee up discussions about legacy DHS component missions, it is immaterial if a discrete policy change is overcome by a more comprehensive one. The value of this evaluative criterion is set at .1, or 10%.

¹¹⁷Department of Homeland Security, Office of Inspector General, “Major Management and Performance Challenges Facing the Department of Homeland Security (Revised),” (February 2015), 7–8, https://www.oig.dhs.gov/assets/Mgmt/2015/OIG_15-09_Feb15.pdf.

(4) Political Will

While the simple mechanics of the recommended policy modification may not invite political interest, there *is* potential for larger discussions that may be unwelcome or untimely. Given the pressures on the DHS Secretary regarding illegal immigration and the protection of the southern border and approaches, he may not be receptive to an analysis demonstrating diminishment of a legacy function. Similarly, members of Congress who already have significant oversight of DHS and participate in various subcommittees may feel that the Department is managing its functions well enough without revisiting specifics in the Homeland Security Act. Conversely, highlighting a neglected or diminished function may be of great interest to a House of Representatives member or senator who has interests in promoting the function's continuance. No matter how well justified a policy recommendation may be, it may fail to gain traction among political figures or senior agency officials, and may simply, therefore, die on the vine. For these reasons, the value of this evaluative criterion is set at .4, or 40%.

F. SCORING AND PROJECTING OUTCOMES

The policy alternatives were evaluated both quantitatively and qualitatively. In the quantitative analysis displayed in Table 7, the COA ranked highest is maintaining the status quo, although four of the five COAs are close in score. Naturally, another researcher might assign different weight to the criteria and scoring to the COAs, yielding a different result.

Table 7. DHS Component Funding Policy Alternatives

Goals	Evaluative Criterion	Evaluative Criterion Weight	COA 1: Status Quo	Criterion Score 1-10	COA 2: Modify Budget Exhibits	Criterion Score 1-10	COA 2A: Pilot Study of COA 2	Criterion Score 1-10	COA 3: Detailed Study of non-HLS Functions	Criterion Score 1-10	COA 4: Benchmark other Agencies	Criterion Score 1-10
No Decrease in Efficiency	Feasibility of Implementation	0.2	Simple - no change	10(Weighted Score= 2)	Changes required in budget categories for all DHS component submissions	5 (1.0)	More limited changes required than for full component participation	6 (1.2)	Would require detailed analysis of functions at component level.	5 (1.0)	Would require engagement with other Departments or Agencies in addition to DHS analysis	3 (.6)
	Adaptability	0.1	Simple - no change	10 (1)	Changes could be modified as needed	6 (.6)	Changes could be modified as needed	6 (.6)	Study may suggest improvements	7 (.7)	Study may suggest improvements	7 (.7)
No Increase in Funding	Fits Within Resource Constraints	0.3	No increase in funding	10 (3)	Transition to new requirements may require short-term investment	4 (1.2)	Limited and short-term investments may be required	5 (1.5)	Analysis may require non-recurring, short-term investment	5 (1.5)	Analysis may require non-recurring, short-term investment for DHS and other Depts/Agencies	4 (1.2)
Greater Ease in Distinguishing HLS and non-HLS Functions	Political Will	0.4	No specific known improvement planned	2 (.8)	Would facilitate easier comparison of HLS and non-HLS functions	9 (3.6)	Would provide data on level of comparison of HLS and non-HLS functions	8 (3.2)	Study would result in detailed list of HLS and non-HLS functions	8 (3.2)	Study may suggest improved method for distinguishing HLS and non-HLS functions	6 (2.4)
Preservation of Unique or Most Cost-Effective Capabilities			No specific known improvement planned		Would facilitate easier tracking of unique and cost-effective functions		Would provide data on tracking of unique and cost-effective functions		May facilitate easier tracking of unique and cost-effective functions		May suggest easier tracking of unique and cost-effective functions	
Total Weighted Score				COA 1 6.8		COA 26.4		COA 2A 6.5		COA 3 6.4	COA 4 4.9	

In projecting the outcome of the “lead COA,” there are obvious attractions to maintaining the status quo. It would be easy for the DHS components to continue providing the same budget exhibits, and there would be no need for additional resources (e.g., personnel to help make the transition, creation of new forms, etc.). There is also a possibility that DHS will revisit the delineation between HLS and non-HLS functions as part of the Department’s ongoing financial systems modernization initiative. Maintaining the status quo, however, would likely yield the lowest probability of identifying non-HLS security functions and thus ensuring that component legacy missions are not neglected or diminished.

The COA with the second highest score would yield some information about the difficulty and expense of modifying budget submissions that could perhaps be applied to all DHS component agencies. As a pilot or beta test, a prospective change in budget submission requirements could be applied to a small number of component agencies with pre-9/11 legacy missions, such as the agencies addressed in this research. The work would require close collaboration with the DHS Management Directorate and office of the CFO to ensure that all proposed beta test changes align with the ongoing financial systems modernization initiative. If the test results indicated that changes were prohibitively expensive or complex to implement, or the results were deemed to be of little value to the components, the Department, and Congress, the effort could end at that point. Conversely, if the beta test yielded valuable insights into legacy non-HLS missions that were being diminished, or which were more appropriately performed by another agency, the effort could be expanded to examine all DHS components.

The policy alternatives were also considered on a qualitative basis. As the research problem was focused on the ability to clearly distinguish between HLS and non-HLS activities, such that the diminishing or neglect of legacy functions is evident, continuing with the status quo would yield little value. In fact, the only improvement in tracking legacy mission funding would result from the *possibility* that DHS incorporates that function into a modernized financial modernization system, already being planned.

There are risks if the status quo is maintained. More than a decade after 22 agencies and offices were organized into the new Department of Homeland Security (and planners determined which functions constituted “homeland security”) new missions and responsibilities continue to pressure DHS resources, and legacy non-HLS functions may become lower priorities. The surge in unaccompanied children and families at the southwest U.S. border is one example of a growing demand for DHS services; the number of children transported to the Health and Human Services Office of Refugee Resettlement increased 813% from FY2011 to FY2014.¹¹⁸ While DHS has sought additional funding from Congress to support the increased workload, such requests carry heavy political freight and are by no means guaranteed. The recent rise in cyber attacks presents another significant threat—one for which DHS may not be prepared. A recent congressional report notes:

Although the Department’s law enforcement agencies are involved in arresting criminals who violate our laws and attack our nation’s information systems, a majority of the Department’s resources for cybersecurity are spent on a strategy to help the government and the private sector defend its networks. The nature of cybersecurity threats—and the ability of adversaries to continuously develop new tools to defeat network defenses—means that DHS’s strategy for cybersecurity, which focuses primarily on vulnerability mitigation, will not protect the nation from the most sophisticated attacks and cybersecurity threats.¹¹⁹

The report includes recommendations to mitigate the threat, but increasing and improving the level of cybersecurity also presents more competition for resources, for a function that was barely on the radar when the Department was created in 2003.

Maintaining the status quo also increases the risk of degrading unique capabilities currently being performed within DHS. For example, the viability of the USSS’ currency investigative function cannot be easily ascertained, as funding for the legacy function is not broken out in the USSS budget. Similarly, funding for the U.S. Coast Guard’s Living Marine Resources and Aids to Navigation missions have remained largely static while the

¹¹⁸“Surge of ‘Unaccompanied Children,’” FactCheck.org, July 2014, <http://www.factcheck.org/2014/07/surge-of-unaccompanied-children/>.

¹¹⁹Tom Coburn, “A Review of the Department of Homeland Security’s Missions and Performance,” January 2015, 14.

Service's budget more than doubled and industry demands rose; in FY2013, separate line items for the two functions were discontinued. These USSS and USCG legacy functions are examples of unique services that have been valued by the Administration, Congress, and the public. It may be reasonable and sensible to reduce funding for a given mission, say a reduction in Aids to Navigation support in light of the availability of Global Positioning System (GPS) technology; but such reductions should be made deliberately, with full visibility of tradeoffs. Maintaining the status quo does not promote the necessary deliberative process. For these reasons, the status quo COA is not recommended, despite achieving the highest quantitative score.

Elements of the COAs may also be combined for a more comprehensive solution. For example, an analysis of non-HLS functions performed within DHS would lend itself to a revision of budget submission documents to reflect the respective allocations. The revisions could be beta-tested on a sample of DHS components to determine both usefulness and ease of implementation, in preference to a full-scale adoption of new processes and forms.

Likewise, a benchmark analysis and incorporation of business practices from another agency, such as the Department of Interior or Department of Commerce, may facilitate budget documentation revisions without a substantial investment. Again, changes could be tested on a sample of DHS components to assess usefulness and viability.

G. SELECTION OF RECOMMENDED ALTERNATIVE

COA 2a, a pilot study of one or more DHS component budget submissions, is recommended. This COA scored well against the evaluative criteria, second only to the status quo COA. While maintaining the status quo requires the fewest resources and minimizes disruption, the COA does not achieve any improvements in tracking and potentially reallocating funding to DHS component agencies. A pilot study, perhaps with two or three of the DHS components with the most legacy functions, would demonstrate if a larger-scale effort would be worthwhile.

Elements of COA 4, Benchmark Budget Processes of Other Agencies, are also recommended for implementation in conjunction with COA 2a. Although smaller in size than DHS, the departments of Interior and Commerce both incorporate diverse functions, and their budget submission categories and business operations may yield discrete processes for DHS to emulate.

H. ADOPTION OF POLICY RECOMMENDATIONS

Serious consideration of the recommended COAs can only occur if a coalition of interested, empowered stakeholders can be established within DHS, the impacted DHS components, and potentially OMB and members of Congress. They must be presented with a well-crafted “story” about the existing policy shortcomings that clearly explains the COAs’ value, and this story must be sold to the right combination of “essentials” and “influentials.”¹²⁰

When considering the broad range of stakeholders who have some interest in the DHS component budget submissions requirements, many of them can be considered “interchangeables”—a pool of individuals whose support for the change is nominally important.¹²¹ They might be in favor of the change, or not, but their support will not have a significant impact on whether or not the policy changes are adopted. For example, resource management personnel within DHS and the component agencies would bear the brunt of implementing new policies; they may have additional research and preparation work and their daily duties may change, but would have little say in bringing about the change. A smaller group of “influentials” are those individuals who actually influence the outcome of a policy change decision; these might be leaders within the DHS office of the CFO or congressional staffers, who are empowered to lobby for or direct the change. An even smaller group is the “essentials”: those stakeholders whose support is crucial in effecting policy changes.¹²² This small group, which may include senior political leaders, may have reasons to support or not support the recommended policy changes that have

¹²⁰Bruce Bueno de Mesquita and Alastair Smith, *The Dictator’s Handbook*, (New York: Public Affairs, 2012), 5.

¹²¹*Ibid.*, 6.

¹²²*Ibid.*

little to do with practical budget submission considerations. Given its heavy level of congressional oversight,¹²³ DHS is the frequent subject of reports and investigations, and “questions about the effectiveness and efficiency of the department have been raised since it was first proposed.”¹²⁴ The prospect of a renewed discussion about homeland security functions and the viability of legacy agency missions may serve the interests of a member of Congress wanting to score political points. Senior leaders within DHS may not be sold on the need to revise budget submission procedures, but may see an opportunity to demonstrate continued growth in the capability of department management. Thus, securing the support of the “essentials” is as much a factor of timing and external considerations as it is convincing them of the policy changes’ value.

I. IMPLEMENTATION

If adoption of the recommended COAs could be considered “courtship,” implementation is “marriage.” Policy adoption may mark a formal conclusion (the “wedding”) but implementing the policies takes ongoing effort and a willingness to adapt to a changing environment.¹²⁵ Assuming that the essential stakeholders make a decision to direct a pilot study of one or more DHS component budget submissions, in conjunction with benchmarking best practices from non-DHS entities, there are a number of necessary implementation steps. The Non-profit Business Model Canvas provides a template for implementation actions.¹²⁶

(1) Identifying Key Partners

- COA 2a (a pilot study of one or more DHS component budget submissions): requires engagement between DHS, the chosen component

¹²³Janet Hale, “Congressional oversight of DHS: Time for an overhaul,” *Federal Times*, February 3, 2015, <http://www.federaltimes.com/story/government/dhs/blog/2015/02/03/congress-dhs-oversight/22801817/>.

¹²⁴William Painter, *Issues in Homeland Security Policy for the 113th Congress* (CRS Report No. R42985) (Washington, DC: Congressional Research Service, 2013), <https://www.fas.org/sgp/crs/homsec/R42985.pdf>.

¹²⁵David Weimer and Aidan Vining, *Policy Analysis*, 274.

¹²⁶Bryann. Alexandros, “5 Reasons Nonprofits Must Use the Value Proposition Canvas to Test Assumptions,” Skylance, May 19, 2014, <http://skylance.org/5-reasons-nonprofits-must-use-the-value-proposition-canvas-to-test-assumptions/>

agencies, and OMB, at a minimum. Congressional engagement may or may not be desired at the pilot testing stage. Thus, key partners would include the DHS Directorate for Management: Office of the Chief Financial Officer (CFO); the chosen component Office(s) of the CFO, and the Office of Management and Budget: Office of General Government Programs (Homeland).

- COA 4 (benchmarking budget other agencies' budget processes): requires engagement with non-DHS federal entities, with the Departments of Interior and Commerce recommended. Thus, key partners would include the DHS office of the CFO, Interior's Business Center, and Commerce's office of the Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA).

(2) Key Activities

- COA 2a: at a minimum, key activities would include a review and validation of discrete activities for the DHS component agencies chosen for the pilot test. Based on an unambiguous definition of "homeland security," the activities would be categorized as HLS or non-HLS. Further analysis would be required to identify which activities would be considered pre-9/11 "legacy" functions as described by the Homeland Security Act of 2002. Budget submission templates for the component agencies would need to be revised to reflect the HLS/non-HLS allocations, and the reporting of HLS functions by DHS to OMB would require validation and revision as appropriate.
- COA 4: key activities would include a series of facilitated, working-level meetings between DHS, DOI, and DOC. Budget submission and other business practices would be reviewed, and usefulness and applicability to DHS procedures would be assessed. A set of potential actions would be prioritized and sequenced.

(3) Key Resources Needed

- COA 2a: this COA is recommended in part because of its relatively low demand for resources, so existing personnel would be used for the pilot study to the greatest extent possible. Some contractor support would be required for research and analysis, e.g., identification of HLS/non-HLS activities for the chosen component agencies. A formal implementation plan would also be required, which may require additional contractor support for plan development and project management.
- COA 4: as this COA seeks to capitalize on the current business practices of DOI and DOC, existing personnel would be vital to the success of the

benchmarking process. Some contractor support would be required for meeting facilitation and project management.

(4) Cost Structure

For both COAs, the existing organization is envisioned to change very little. If COA 2a is implemented, a temporary increase in funding to support the pilot study would be required, but steady-state staffing and procedures should resume once any changes are adopted permanently. For COA 4, a similar increase in funding would be temporary, lasting only long enough to distill best practices, determine their applicability to DHS, and plan for implementation. The value in implementing the changes would lie in the increased visibility of HLS and non-HLS funding allocations, and the attendant viability of legacy or unique DHS component functions.

(5) Value Proposition

Adopting and executing the COAs, together, would bring about several positive outcomes, including the preservation of DHS component agencies' unique legacy functions, continuation of DHS performance as the most effective provider of some functions, and the fostering of a conscious debate between Congress and Administration regarding homeland security missions.

(6) Relations

Establishing a framework for regular engagement between key partners would be essential to implement either COA.

- COA 2a: in implementing the pilot study, parties would have to take advantage of existing governance structures, such as regular DHS CFO engagement/councils, foster working-level relationships among DHS office of CFO and component CFO organizations, and also develop new relationships with congressional committee staff members.
- COA 4: in working to benchmark useful business practices of non-DHS entities, new relationships would need to be developed at both senior and project manager levels.

(7) Channels

The channels that would be integral to implementing both COA 2a and COA 4 include existing budget products—including the DHS component budget submissions (Resource Allocation Proposals) and DHS responses (Resource Allocation Decisions), the annual DHS BIB, the DHS budget submission to OMB, and the OMB response (Passback). A change in focus on DHS component legacy functions, whether to reduce or transfer the function, or validate the need to continue it, would be communicated in DHS and component strategic plans, and potentially even the Quadrennial Homeland Security Review. If it is determined that a function should be reduced, “diminished or neglected,” a channel with congressional oversight bodies would also be necessary.

(8) Co-creators

Although this aspect of the nonprofit business model is not a direct fit for a proposed government policy change, there are several entities that could be considered contributors to the change: DHS office of the CFO and component CFOs, and congressional staff and committee members. Others may more properly be considered customers or consumers: OMB examiners, and ultimately the public.

(9) Adversaries

Even if individuals or entities are not in direct opposition to the elements of the proposed COAs, they may still act as adversaries. For one thing, unless change is forced, few would go out of their way to invite it, particularly if the change involves more work or an up-front investment. In this case, an adversary need not overtly oppose the COA recommendations; he or she need simply not support them. The Eightfold path to problem solving suggests a reason for inaction by the “opposition”: “It takes time for its members to organize themselves, and some may be temporarily occupied with more pressing matters anyway. Most important, they know that most such attempts at significant policy change simply die of their own accord, and so they may not need to go out of their way to kill this one.”¹²⁷ In this case, potential adversaries may exist within

¹²⁷ Bardach, *A Practical Guide for Policy Analysis*, 163.

DHS, the component agencies, OMB, or Congress. A lack of interest or perception that there is no problem with the status quo could easily lead to failed implementation.

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V. FINDINGS, RECOMMENDATIONS, AND CONCLUSION

A. FINDINGS

A simple observation prompted this research—Section 101 of the Homeland Security Act of 2002 requires that non-homeland security functions within the Department *not* be diminished or neglected except by a specific and explicit act of Congress. This single observation begs the question “so, what?”; after all, there are myriad acts, laws, and regulations that govern life and business in the United States, many of which may be routinely ignored or broken. I contend that the research not only underscores the importance of tracking the non-HLS functions being performed within DHS, but also highlights the importance of defining the term “homeland security” at the program or activity level in resource justifications.

DHS is under tremendous pressure to prove its worth and demonstrate its competence in a wide variety of duties and responsibilities. From exerting control over the land and maritime borders, to ensuring transportation security, to protecting senior political leaders and visiting dignitaries—DHS is very much in the public eye and any failure is debated endlessly in the court of public opinion, Congress, and the media. Such scrutiny makes it exceptionally difficult for a DHS leader to say “we don’t do that,” even if couched in the more acceptable vernacular, “we’re partnered with Agency X, which is funded, equipped, and empowered to do that.”

In his 2013 essay, “What’s in a Name? The Meaning of Homeland Security,” Kahan asserted that no definition of the term “homeland security” has been agreed upon; in describing the “evolution of homeland security and the many factors affecting development of an official definition,” Kahan stated, “Besides the non-homeland security responsibilities inherited by DHS, a plethora of additional ideas have been put forth over the past decade about dangers the nation ought to consider as potentially endangering our security.” As DHS continues to make difficult choices in a challenging budget environment, an agreed-upon definition of homeland security may make some of the tradeoffs easier. A frank discussion about the non-HLS functions residing within DHS

may also benefit the Department and the components that continue to perform their legacy missions and activities.

(1) Recommended Use for this Research

It is recommended that this research be used to propose a pilot study of a small number of DHS components, to revise their budget submission documents so that HLS and non-HLS functions are clearly delineated, particularly those legacy functions that predate the Department's formation. The U.S. Secret Service and U.S. Coast Guard may be appropriate for the pilot study. It is further recommended that the component agencies chosen for the pilot study provide an analysis of the funding level and performance of their legacy missions and activities, to determine if the functions have been neglected or diminished. Following that determination, it is recommended that senior leaders within the DHS components and DHS itself discuss the findings and chart a course of action, whether to request divestiture of the functions, continue to perform them at an agreed-upon level, or maintain the status quo. It is recommended that, concurrent with the pilot study, a workgroup comprised of DHS Office of the CFO and DHS component agency CFO staff members engage with the Departments of Interior and Commerce to determine any practices that may improve the manner in which DHS allocates funding to its component agencies. A summary of conclusions and any recommended actions should be provided to DHS and component senior leaders as they consider the outcome of the pilot study and way ahead.

(2) Findings' Limitations

In performing the research, it was difficult to trace the funding for specific activities performed by DHS component agencies. While this fact helps illustrate the point that improvements are needed to accurately track HLS and non-HLS functions, modifications to budget line items (i.e., not carried over to successive fiscal years or bundled with other items) presented a challenge and prevented a full forensic analysis. With additional time and permission to interview financial managers within DHS and the component agencies, a more complete analysis would have been possible.

(3) Standalone Recommendations

In addition to the primary recommendations, the research suggests several stand-alone actions that may benefit DHS component budget formulation in general, and the identification of HLS functions in particular: a) periodically revisit the DHS Bottom-Up Review to reexamine core HLS activities and make recommendations on legacy functions; b) work with OMB to revisit, refine, and harmonize definitions for HLS activities in the Homeland Security Data Base used to produce the analytic perspectives chapter of the President's Budget; and c) ensure any common appropriation account structure has a programmatic layer (e.g., "investigations, protection" instead of "salaries and expenses") that is separately mapped to HLS and non-HLS categories and tracked in a repository such as the Future Years Homeland Security Program system.

(4) Future Work

As DHS continues to mature and refine its processes and procedures, and particularly as the Department seeks to modernize its financial systems, future research may focus on embedding the ability to distinguish between HLS and non-HLS functions so that they are always tracked. The need to clearly define "homeland security" has been noted several times in this research; there are future opportunities to tackle that complex challenge.

In performing the review of non-DHS federal entities, the fact that the Department of Interior manages so many energy resources came as a surprise. The DOI website states that "the U.S. Department of the Interior has the resources to help America produce more energy at home. These resources now provide 30 percent of our nation's domestically produced energy, but we can do more ... we are creating a new energy frontier—one that responsibly develops not only conventional but also renewable resources on our nation's public lands."¹²⁸ Yet the Department of Energy (DOE) lists as its mission: "The mission of the Energy Department is to ensure America's security and prosperity by addressing its energy, environmental and nuclear challenges through

¹²⁸"New Energy Frontier," U.S. Department of the Interior, accessed July 9, 2015, <http://www.doi.gov/whatwedo/energy/index.cfm>.

transformative science and technology solutions.”¹²⁹ It appears that the DOE only carries out this mission in collaboration with the DOI and perhaps other federal entities that were not part of this research. The fact that DOI has such a big piece of the energy management pie is not acknowledged in the DOE’s official statement of its history: “The Department of Energy has one of the richest and most diverse histories in the Federal Government. Although only in existence since 1977, the Department traces its lineage to the Manhattan Project effort to develop the atomic bomb during World War II and to the various energy-related programs that previously *had been dispersed* throughout various Federal agencies.”¹³⁰ [emphasis added]. “Various energy-related programs” appear to *still* be dispersed throughout the federal government. Combining all or part of the functions under one department may yield some efficiencies and is worthy of future study.

B. CONCLUSION

Money matters! An observer need only review a person’s checkbook or an organization’s financial statements to figure out where their priorities lie. The Department of Homeland Security was vested with awesome responsibilities at its formation in 2003, and the Department must execute its duties under close congressional supervision and the public’s demanding eye, prioritizing and adjusting funding allocations in the process. The ongoing threat of terrorism and the continuing debates over preparedness throughout the entire homeland security enterprise all bring their own demands for resources. Concurrently, some agencies within DHS continue to perform duties that they have executed for decades or centuries. Congress specifically called out the legacy functions in the act that created DHS, requiring that they not be diminished or neglected in favor of homeland security activities. Yet the current budget submission requirements do not facilitate easy tracking of the activity funding, potentially imperiling the execution of legacy functions.

¹²⁹“About Us,” U.S.Department of Energy, accessed July 9, 2015, <http://www.energy.gov/about-us>.

¹³⁰“History,” U.S.Department of Energy, accessed July 9, 2015, <http://www.energy.gov/management/office-management/operational-management/history>

APPENDIX. DHS COMPONENT BUDGET EXCERPTS

A. EVOLVING DEFINITION OF “HOMELAND SECURITY” ACTIVITIES IN THE DHS BUDGETS-IN-BRIEF.

Excerpts from the BIBs indicate an early acknowledgment of the differing functions noted in the 2002 Homeland Security Act. This statement is from the FY2003 BIB¹³¹:

Homeland Security encompasses those activities that are focused on combating terrorism and occur within the United States and its territories. Such activities include efforts to detect, deter, protect against and, if needed, respond to terrorist attacks. [Emphasis added to illustrate the relative simplicity of the initial description of HLS activities].

As a starting point, funding estimates for these activities are based on data that has been reported since 1998 in the Office of Management and Budget’s Annual Report to Congress on Combating Terrorism, and include combating terrorism and weapons of mass destruction (WMD), critical infrastructure protection (CIP), and continuity of operations (COOP).

Since homeland security focuses on activities within the United States, estimates do not include costs associated with fighting terrorism overseas; those costs are captured within the war on terrorism abroad category. In addition, homeland security estimates include all funding associated with border security (i.e., Immigration and Naturalization Service’s enforcement and detention activities, the Customs Service enforcement activities, the Coast Guard’s enforcement activities, the Agricultural Quarantine Inspection Program, and the Department of State’s visa program) and aviation security.

The Office of Management and Budget’s Combating Terrorism report defines combating terrorism and WMD preparedness, CIP, and COOP. Combating terrorism includes both antiterrorism, defensive measures used to combat terrorism, and counterterrorism, offensive measures used to combat terrorism, and includes the following five categories of activities:

Law enforcement and investigative activities;_ preparing for and responding to terrorist acts; _ physical security of government facilities

¹³¹“DHS Budget,” U.S. Department of Homeland Security, Accessed August 22, 2015, <http://www.dhs.gov/dhs-budget>.

and employees; _ physical protection of national populace and national_ infrastructure; and,_ research and development.

CIP is defined as efforts associated with enhancing the physical and cybersecurity of public and private sector infrastructures, especially cyber systems that are so vital to the Nation that their incapacitation or destruction would have a debilitating impact on national security, national economic security, and/or national public health and safety.

COOP refers to the capability of Federal agencies to perform essential functions during any emergency or situation that may disrupt normal operations.

The FY04 BIB specifically addresses non-HLS activities¹³²:

Ensuring Non-Homeland Activities

The 2004 Budget provides \$12.2 billion for non-homeland security functions, like the Coast Guard’s search and rescue activities. This is a 15 percent increase since 2002, five percent over 2003. In 2004, over 50 percent of the Coast Guard’s budget is devoted to non-homeland security activities.

Over 75 percent of the DHS funding for emergency preparedness and response activities is devoted to non-homeland functions – such as disaster assistance.

As another example, the U.S. Secret Service protects our nation’s currency and financial integrity.

More recent versions of the BIB do not note the HLS/non-HLS distinction nearly as explicitly. Up until FY2015, tables at the end of the BIB listed “Homeland” and “Non-Homeland” values, but provided no explanation of their meaning, and the explanatory text in the body of earlier BIBs was missing. As of FY2016, even the tables at the end of the BIB omit the HLS-non-HLS breakout.

B. SAMPLE BUDGET EXHIBITS

To demonstrate the difficulty in tracking the funding categories for DHS component budgets, budget categories for FEMA, USCIS, and the Coast Guard are listed for FY2004, shortly after the formation of DHS; and for FY2016, the most recent budget

¹³²Ibid.

submission. The evolving categories illustrate the challenge in tracking a given function, and the distinction between HLS and non-HLS activities.

1. FEMA

FEMA is not listed separately in the FY04 budget, rather under Emergency Preparedness and Response Directorate.

Table 8. FY2004 FEMA Request: Seven Funding Accounts

(Budget Authority in Millions) Funding Accounts	2002 Enacted	2003 Estimate	2004 Request
Operating Expenses	\$734	\$ 915	\$1,652
Grant Programs	20	320	300
Disaster Relief	2,093	1,800	1,934
Disaster Assistance Loan Program	1	1	1
Emergency Food and Shelter /1	140	-	-
Nat'l Flood Insurance Fund	1,536	1,789	1,876
Flood Map Modernization Fund	32	300	200
TOTAL	\$4,556	\$5,125	\$5,963

Proposed for transfer to HUD in 2003 and 2004. After U.S. Department of Homeland Security, "DHS Budget," <http://www.dhs.gov/dhs-budget>.

Table 9. FY2016 FEMA Request

	<i>Dollars in Thousands</i> FY 2014 Revised Enacted		FY 2015 Request		FY 2016 Request		FY 2016 +/-FY 2015	
	FTE	\$0	FTE	\$0	FTE	\$0	FTE	\$0
Salaries and Expenses	3,829	946,982	4,041	924,664	4,126	949,296	85	24,632
State and Local Programs	212	1,500,000	239	2,225,469	240	2,231,424	1	5,955
Emergency Management Performance Grants [1]	-	350,000	-	-	-	-	-	-
Firefighter Assistance Grants [1]	-	680,000	-	-	-	-	-	-
United States Fire Administration	124	44,000	134	41,407	134	41,582	-	175
Collections – Radiological Emergency Preparedness	153	-13	170	-1,815	170	-305	-	1,510
Disaster Relief Fund	4,893	6,220,908	7,134	7,033,465	7,134	7,374,693	-	341,228
Flood Hazard Mapping and Risk Analysis Program	44	95,202	57	84,403	57	278,625	-	194,222
National Pre-Disaster Mitigation Fund	3	25,000	3	-	10	200,001	7	200,001
Emergency Food and Shelter	-	120,000	-	100,000	-	100,000	-	-
Transfer to OIG	-	-24,000	-	-24,000	-	-24,000	-	-
Transfer to ICE	-	-28,526	-	-	-	-	-	-
Net Discretionary	9,258	9,626,063	11,778	10,183,593	11,871	10,801,317	93	617,724
National Flood Insurance Fund (Discretionary offsetting collections)	279	173,272	331	179,294	349	181,198	18	1,904
Gross Discretionary	9,537	9,799,335	12,109	10,362,887	12,220	\$10,982,515	111	619,628
National Flood Insurance Fund Mandatory	22	3,174,289	31	3,519,699	32	3,503,574	1	-16,125
National Flood Insurance Reserve Fund	-	122,133	-	522,060	-	980,925	-	458,865
Rescission of Unobligated Balances [2]	-	[-303,490]	-	[-200,000]	-	[-350,000]	-	[-150,000]
Total Budget Authority	9,559	13,095,757	12,140	\$14,404,646	12,252	\$15,467,014	112	\$1,062,368

Additional and differing funding accounts. From U.S. Department of Homeland Security, “DHS Budget,” <http://www.dhs.gov/dhs-budget>.

2. USCIS

The budget request was supported by highlights and program summaries, but the actual request was quite limited in detail.

Table 10. FY2004 USCIS Request

2002 Actual		2003 Estimate	2004 Request
CIS	\$1,567	\$1,656	\$1,799

After U.S. Department of Homeland Security, "DHS Budget," <http://www.dhs.gov/dhs-budget>.

Table 11. FY2016 USCIS Request

	<i>Dollars in Thousands</i> FY 2014 Revised Enacted		FY 2015 President's Request		FY 2016 President's Request		FY 2016 + / FY 2015	
	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
Salaries and Expenses	388	\$116,389	398	\$134,755	398	\$129,671	--	(\$5,084)
Gross Discretionary	388	\$116,389	398	\$134,755	398	\$129,671	--	(\$5,084)
Immigration Examinations Fee Account	13,228	\$3,186,864	14,728	\$3,580,771	16,499	\$3,813,967	1,771	\$233,196
Fraud Prevention and Detection Account	185	\$52,552	185	\$41,000	185	\$45,000	--	\$4,000
H-1B Nonimmigrant Petitioner Account	--	\$13,000	--	\$13,500	--	\$15,000	--	\$1,500
Subtotal, Mandatory	13,413	\$3,252,416	14,913	\$3,635,271	16,684	3,873,967	1,771	\$238,696
Less prior-year Rescissions	(\$1,906)							
Total	13,801	\$3,366,899	15,311	\$3,770,026	17,082	\$4,003,638	1,771	\$233,612

Additional and differing funding accounts. After U.S. Department of Homeland Security, "DHS Budget," <http://www.dhs.gov/dhs-budget>.

3. USCG

The Coast Guard's budget categories have changed significantly in the period between FY2004 and FY2016.

Table 12. FY2004 Coast Guard Request

Funding Accounts	2002 Actual	2003 Estimate	2004 Request
Operating Expenses (note 1)	\$3,459	\$4,403	\$4,838
Capital Acquisitions (note 2)	670	746	796
Retired Pay	876	889	1,020
Other Accounts (note 3)	174	136	135
TOTAL	\$5,179	\$6,174	\$6,789

Note 1: The Operating Expenses account consolidates funding previously requested in the Operating Expenses, Environmental Compliance and Restoration, and Reserve Training accounts. Note 2: The Capital Acquisitions account consolidates funding previously requested in the Acquisition, Construction, and Improvements; Research, Development, Testing, and Evaluation, and Alteration of Bridges accounts. Note 3: Includes offsetting collections not traditionally shown in Coast Guard totals. After U.S. Department of Homeland Security, "DHS Budget," <http://www.dhs.gov/dhs-budget>.

Table 13. FY2016 Coast Guard Request

<i>Dollars in Thousands</i> Appropriation (\$000)	FY 2014 Revised Enacted₁		FY 2015 Pres. Budget		FY 2016 Pres. Budget		FY 2016 +/FY 2015	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Operating Expenses (OE)	46,400	6,782,607	48,116	6,750,733	47,812	6,821,503	(304)	70,770
Environmental Compliance and Restoration (EC&R)	25	13,164	24	13,214	24	13,269	--	55
Reserve Training (RT)	503	120,000	416	109,605	416	110,614	--	1,009
Acquisition, Construction, and Improvements (AC&I)	737	1,373,135	881	1,084,193	881	1,017,269	--	(66,924)
Alteration of Bridges	--	--	--	--	--	--	--	--
Research, Development, Test, and Evaluation (RDT&E)	94	19,200	96	17,947	96	18,135	---	188
Health Care Fund Contribution (HFC)	--	185,958	--	176,970	--	159,306	--	(17,664)
Sub-total (Discretionary Funding)₂	47,759	\$8,494,064	49,533	\$8,152,662	49,229	\$8,140,095	(304)	(\$12,567)
Retired Pay	--	1,460,000	--	1,443,896	--	1,605,422	--	161,526
Boating Safety	11	105,874	14	112,830	14	115,776	--	2,946
Maritime Oil Spill Program	--	186,225	--	101,000	--	101,000	--	-
Gift Fund	--	2,049	--	80	--	1,621	--	1,541
Sub-total (Mandatory Funding)	11	\$1,754,148	14	\$1,657,806	14	\$1,823,819	---	\$166,013
OSLTF Contribution	--	[45,000]	--	[45,000]	--	[45,000]	--	--
Transfer to ICE for UACs	--	[-29,000]						
Hurricane Sandy Supplemental Funding from AC&I to OE	---	[26,800]	---	---	---	---	---	---
Overseas Contingency Operations	805	227,000	---	---	---	---	---	---
FY 2013 § 505 Rescission	--	(-3,879)	--	--	--	--	--	--
Rescission of unobligated balances	--	(149,459)	--	--	--	--	--	--
Transfer to DHS for UAC Emergency Reprogramming	---	[-2,500]						
Sub-total (Transfers and Supplementals)	805	\$73,662	---	---	---	---	---	---
TOTAL BUDGET AUTHORITY₂	48,575	\$10,321,874	49,547	\$9,810,468	49,243	\$9,963,913	(304)	\$153,445

Additional and differing funding accounts. After U.S. Department of Homeland Security, "DHS Budget," <http://www.dhs.gov/dhs-budget>.

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